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13	Attorneys for Plaintiff			
14	UNITED STATES DISTRICT COURT			
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CLAIM

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I. INTRODUCTION

- 1. Named Plaintiff was the victim of an overall illegal and unfair business practice, scheme or plan directed at the heart of the service Defendants were in the business of providing: eliminating and preventing subterranean termite infestation by use and maintenance of proper eradication and control measures based upon expertise as regulated and licensed termite control operators. Defendant did not provide this basic service to customers as a matter of business practice in the State of California, including to Plaintiff. Minor differences in contract terms between class members are mere variations on the overall theme of not providing the basic service they are in a regulated business which requires expertise to provide. Plaintiff Neu's contract contains the basic pledge that Defendants "...will provide the necessary services... to control or protect against subterranean (ground) termites..." (See Exhibit 1).
- 2. The business scheme alleged herein has resulted in settlements by Defendants with Attorneys General in several States. Defendants settled deceptive trade practice claims with states that required wholesale application or reapplication of termite control measures in Florida (See Exhibit 2) and Kentucky (See Exhibit 3) wherein it was alleged that Terminix did not provide the necessary services to control or protect against subterranean (ground) termites. Terminix agreed with the Alabama Department of Agriculture and Industries to begin making annual termite inspections. (See Exhibit 4).
- 3. This action arises out of the pattern and practice by Defendants of failing to provide the subterranean termite prevention and control services they are required to provide by statute, labels, good entomologic practice and contracts; collecting fees for installation and maintenance of chemical barriers without fully applying or maintaining the barrier when they knew that this was the only way to prevent termite infestations; selling services and products

which they knew to be ineffective for preventing termite infestation including baiting systems; and of taking advantage of customers' lack of knowledge by suppressing this information to generate income without providing services. Plaintiff and class members intended to purchase termite prevention services from Defendants and never received these services.

4. Such a scheme is in violation of the Business and Professions Code Sections 17200 & 17500, California

Consumer Legal Remedies Act, California Civil Code §§1750 – 1784, in breach of express and implied contracts, and common law obligations with Plaintiff and other similarly situated persons.

II. **PARTIES**

- 5. Plaintiff is an adult resident citizen of Alameda County, State of California, currently residing at 16073 Gramercy Drive, San Leandro, California, 94578.
- 6. Plaintiff is informed and believes and thereon alleges that The Terminix International Company, LP, is or was a Delaware limited partnership based in Wilmington, Delaware, and located at 1209 Orange Street, Wilmington, Delaware, 19801, with its principal place of business in Memphis, Tennessee, that registered in California on February 3, 1987, and is routinely conducting business in California.
- 7. Plaintiff is informed and believes and thereon alleges that Terminix International, Inc., is or was a Delaware corporation with its principal place of business in Memphis, Tennessee, and located at 860 Ridge Lake Boulevard, Memphis, Tennessee, 38120, that registered in California on February 4, 1987, and is routinely conducting business in California. Terminix International, Inc. is the general partner of Terminix International, LP.
- 8. Plaintiff is informed and believes and thereon alleges that The ServiceMaster Company is a Delaware corporation, incorporated on September 10, 1991, based in Memphis, Tennessee, and located at 860 Ridge Lake Blvd, Memphis, Tennessee, 38120, that is routinely

conducting business in California. ServiceMaster represents itself as a "Fortune 500 Company that's \$3.5 billion strong."

- 9. Plaintiff is informed and believes and thereon alleges that ServiceMaster Consumer Services, Inc., is or was a Delaware corporation based in Memphis, Tennessee, and located at 860 Ridge Lake Boulevard, Memphis, Tennessee, 38120, that registered in California on March 14, 2002, and is routinely conducting business in California.
- 10. Plaintiff is informed and believes and thereon alleges that ServiceMaster Consumer Services Limited Partnership is or was a Delaware limited partnership based in Wilmington, Delaware, and located at 1209 Orange Street, Wilmington, Delaware, 19801, that registered in California on November 3, 1994, and is routinely conducting business in California.
- 11. The term "Plaintiff (s)" as used in this complaint means and includes all persons and entities listed and named as Plaintiff in the caption of this complaint, or any amendment thereto, and in the text paragraphs thereof, and include any Plaintiff hereafter added by amendment, joinder or intervention. The term "Plaintiff (s)" also means and includes both the named Plaintiff individually and as representative of the class and any subclass herein described, as well as each member of such class and any subclass.
- 12. The term "Defendant" as used in this complaint means and includes all persons and entities listed and named as a Defendant in the caption of this complaint or any amendment thereto and in the text paragraphs thereof, and includes any Defendant hereafter added by amendment or otherwise (unless otherwise specified in the amendment).
- 13. Plaintiff is informed and believes and thereon alleges that Defendants The Terminix International Company, LP, and Terminix International, Inc., (hereinafter collectively "Terminix" or the "Terminix Defendants") sell and claim to provide termite protection services throughout California. The Terminix International Company, LP, is the sales and service

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- provider for the individual customers who have entered into binding contracts with The Terminix International Company, LP, and/or Terminix International, Inc., by and through The Terminix International Company, LP. The Terminix International Company, LP, is part of a group of service providers along with Merry Maid, Furniture Medic, ARS, American Home Shield, and TruGreen ChemLawn that make up the ServiceMaster Group. Terminix International, Inc., is the general partner of The Terminix International Company, LP. Defendant ServiceMaster Consumer Services, LP is the immediate parent to both of the Terminix Defendants and The ServiceMaster Company is the ultimate Parent.
- 14. Plaintiff is informed and believes and thereon alleges that The ServiceMaster Company, ServiceMaster Consumer Services, Inc., and/or ServiceMaster Consumer Services Limited Partnership (hereinafter collectively "ServiceMaster" or the "ServiceMaster" Defendants") claim and report all of Terminix's assets and liabilities as part of its overall annual financial reporting.
- 15. The ServiceMaster Defendants, by and through their executive officers and executive board, directly participate, guide, and manage all of the activities of the Terminix Defendants through active and direct participation in the managerial affairs of the Terminix Defendants.
- 16. Upon information and belief and by their own admissions, Terminix is for all legal and practical purposes a mere department or "business unit" of ServiceMaster, is the alter ego of ServiceMaster, and/or acts as ServiceMaster's general agent (See Exhibit 5, Noblin testimony).
- 17. Upon information and belief and by their own admissions, ServiceMaster manages all risk related services and liabilities of Terminix, including duties that arise from Terminix's termite services such as claims for termite damage made by Terminix's customers (See Exhibit 5).

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- 18. Upon information and belief, ServiceMaster is responsible for managing Terminix's liabilities including the paying of termite damage claims made by Terminix's customers (See Exhibit 6, ServiceMaster Settlement Check (Redacted) for Terminix International, L. P. in Dickens v Terminix International, L.P.
- 19. Upon information and belief, Terminix and ServiceMaster represent in form renewal solicitations and invoices that all of Terminix's legal obligations are "backed by" ServiceMaster which means it is a co-maker, guarantor, or surety of the obligations rather than disinterested third-party with no obligations to the consumer; specifically: "you can feel safer knowing that Terminix is part of a \$3.5 billion company."; "Terminix International is backed by the immense financial strength of ServiceMaster, a fortune 500 company." (See exhibit 7, Gershtenecker renewal notice).
- 20. ServiceMaster publishes, backs, and supports the customer satisfaction guarantees provided by Terminix to all Terminix customers (See http://www.servicemaster.com/library/ aboutUs/guarantees/terminix.dsp, at which Service Master provides a 100% satisfaction guaranty to all customers of Terminix, attached hereto as Exhibit 8).
- 21. Upon information and belief, and by their own admissions and practice, ServiceMaster acts as a co-maker, guarantor, and / or surety either directly or by estoppel of Terminix.
- 22. Terminix conducts business in the Northern District of California, including Alameda County, and serviced Plaintiff's property out of its office located at 14458 Wick, San Leandro, California, 94577.

JURISDICTION AND VENUE

23. Jurisdiction exists pursuant to 28 U.S.C. §1332(d)(2).

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- 24. Plaintiff is a citizen of the State of California, and Defendants are incorporated in, or have their principal places of business, in the States of Delaware and Tennessee, and in this class action the aggregate amount of damages shall exceed five million dollars.
- 25. Venue is proper in this Court under 28 U.S.C. §§ 1391(a) because the events that give rise to Plaintiff's claims took place within the Northern District of California.
- 26. Pursuant to Civil L. R. 3-2(c), the Oakland Division of this Court is the appropriate division because a substantial part of the events that give rise to the claim occurred in Alameda County.

III. ADDITIONAL FACTS COMMON TO ALL COUNTS

- 27. Defendants, by and through their agents, servants, and/or employees, and Plaintiff, by and through her agents, servants, and/or employees, entered into a termite protection contract in or about May, 1999 (hereinafter referred to as the "Contract," See Exhibit 1) related to Plaintiff's home at 16073 Gramercy Drive, San Leandro, California, 94546.
- 28. Plaintiff and Defendants renewed the Contract annually in or about May, 2000; May, 2001; May, 2002; May, 2003; May, 2004; and May, 2005 (renewal documents attached hereto collectively as Exhibit 9).
 - 29. Defendants were obligated by the Contract to, *inter alia*:
 - (a) Provide the necessary services to control, protect, and help defend the identified property against, the attack of subterranean termites (and did not provide those services);
 - Reinspect the structures when Terminix felt it was necessary (and did not (b) do so);

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- (c) Extend service (i.e., renew the Contract) annually for the lifetime of the owner (Neu) upon the payment of annual renewal fees (and did not fulfill its duties during any contract extension);
- (d) Continuously protect the identified property from new termite activity (and did not do so);
- Propose, if Terminix deemed it necessary in the event that the Baiting (e) System failed to eliminate or control termite colonies, treatment using conventional termite elimination methods at no additional charge (when it knew before proposing the contract that such measures were necessary and therefore failed to meet its obligation to provide the "necessary services");
- To perform its services in accordance with the requirements of law (which (f) it failed to do); and
- (i) To provide state-of-the-art termite protection services (which it failed to do).
- 30. In consideration for these and the other obligations of the Defendant pursuant to the Contract, Plaintiff paid an initial fee of \$1,548.00 and renewal fees of between \$220.00 and \$267.00 annually.
- 31. In addition to the above-listed obligations of the Defendant pursuant to the Contract, Defendants owed to Plaintiff duties that arise out of California Structural Pest Control laws and regulations as contained in the California Business and Professional Code section 8516 and sections 8560 et. seq. (2003) and California Code of Regulations section 1937 and sections 1990 et. seq. (2007). Defendants owed a duty to provide reasonably prudent and otherwise proper and lawful performance of services, including but not limited to, an initial inspection and one or more subsequent inspections of the identified property for the purpose of finding and

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reporting any termite activity or conditions conducive to termite activity in accord with their professional expertise and licensing requirements pursuant to the above referenced codes and regulations and giving sound advice based on proper inspections.

- 32. The Defendants owed a duty to give Plaintiff her money back if she was not totally satisfied in accord with Defendants' guarantee of Plaintiff's total satisfaction (See Renewal Notices, included in Exhibit 10 and the Marketing Materials, referred to below and attached hereto as Exhibit 11)¹. However, Defendants knew that property owners relied upon their expertise to determine if services were provided satisfactorily as consumers rely upon any professional.
- 33. The Defendants owed a duty as a regulated and licensed professional to provide an expert service, and purported to provide, their service technicians with professional and extensive training pursuant to California Codes and Regulations for the licensing of Structural Pest Control Operators on termite biology and behavior, how termites forage, how termites share information with other colony members, what to look for at a feeding site, how to identify termite species, how to handle termites, and how to pay close attention to and provide the best possible termite protection for the identified property (See Exhibit 12, attached hereto). These requirements are detailed in title 16 of California Business and Professional Code section 8516 and section 8560 et. seq. (2003) and California Code of Regulations section 1937 and sections 1990 et. seq. (2007).
- 34. The Defendants owed a duty to provide expert advice to the Plaintiff regarding termite protection services, including but not limited to provision of information about termites, termite control and elimination, and the danger termites posed to the identified property (See Exhibit 1, and Defendants' marketing materials, collectively referred to hereinafter as the

¹ Plaintiff does not claim to have all marketing materials targeted to her and California consumers, so the following list is merely a representative sample of false claims.

"Marketing Materials," and attached hereto as Exhibits 9, 10, 11, 12 & 13), including, inter alia, the following, which were made at or about the time of the commencement of the Contract and thereafter at or about the time of the annual renewals of the Contract:

- (a) That the Sentricon "Baiting System" contained "bait" that would lure or attract termites to a poison that would kill any termite colony that might attack the home and that it was the only "necessary service" to control or protect against termites;
- (b) By using a company with its expertise, the customer could be assured that it would provide all services necessary to control and prevent termite infestation;
- At the same time it mailed Plaintiff assurances that the "Baiting" System which (c) was not really a "bait" was all that was necessary, it was advising other California consumers that a Baiting System was not necessary and was not the best way to control or eliminate termites;
- (d) That the Baiting System was the best defense against the threat of subterranean termite infestations (which was not a universal truth);
- That the Defendants formulated a unique plan of action for defending Plaintiff's (e) home against termite infestation;
- Baiting System customers like Neu were told it was the most effective (f) subterranean termite control or elimination technique available when Defendants were saying something different to other consumers at the same time in the same state;
- That the Baiting System would provide a guaranteed defense of Plaintiff's home (g) from subterranean termite infestation;
- (h) That the Baiting System was the most advanced method for the elimination or control of subterranean termites;

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- (j) That the Baiting System was an early warning system, akin to a fire alarm and a burglar alarm, to monitor for the threat of subterranean termites at Plaintiff's home;
- (k) That the Baiting System would destroy subterranean termites in [the termites'] home before they destroyed Plaintiff's home;
- (1) That termites would be lured to the bait stations even if wood in the home had already been found and was an abundant food source;
- (m) That Bait Systems at neighboring houses could not be counted on to bait and eliminate the colonies attacking her house and that the colonies attacking Plaintiff's home needed to be baited by stations around her home – not a neighbor's.
- That university research documented that only the Baiting System would kill the (n) colonies that would eat the Plaintiff's house; and
- That the Defendants would provide the "necessary service" because Terminix had (o) experience in the use of termiticides and state-of-the-art techniques for the elimination or control of subterranean termites, was the leading provider of termite control services in the United States, and the most trusted choice for 75 years.
- 35. The Defendants breached their duties described above, and the above-listed representations regarding the effectiveness of the Baiting System were false, because the Defendants did not provide the necessary services to Neu and in fact included contractual provisions that the Defendants could argue would allow it not to have to use a "necessary service" because Defendants' Baiting System was the only one Defendants agreed to provide.
- 36. The Defendants did not provide and did not intend to provide all "necessary services" to prevent termite attack. For example, Terminix admits in sworn corporate testimony

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in litigation in Arkansas that it knew it used chemicals like Pryfon in the past, which were ineffective and rather than applying an effective chemical, it just collects money and leaves homes unprotected for the sole reason that customers can file limited damage claims under contracts or law when damages are discovered.

- 37. The Defendants, by virtue of their above-referenced knowledge and expertise in entomology, termite behavior, termiticides, and termite control and elimination methods, knew that an attack on any of the several bait stations around Plaintiff's home by termites from a particular termite colony could not and did not eliminate other colonies which may attack Plaintiff's home.
- 38. The Defendants, knew or should have known with the exercise of reasonable care that research studies had shown that baiting systems were ineffective for controlling or eliminating termite infestations as represented. (See Exhibit 14).
- 39. The Defendants' above-listed representations regarding the effectiveness of the Baiting System were false, unfair, deceptive and/or misleading and therefore in violation of California Code of Regulations section 1999.5 (2007) which makes it unlawful for any SPCO license holder to make statements or representations regarding the efficacy of any structural pest control that is false, deceptive, unfair and / or misleading.
- 40. The Plaintiff will prove the foregoing allegations related to the Defendants' breaches of duty and knowing misrepresentations through the Defendants' own records and testimony, the testimony of expert witnesses, and accepted literature in the field regarding the ineffectiveness of the Baiting System.
- 41. Plaintiff is informed and believes by virtue of the Defendants' own admissions and practices that Defendants' knew the Baiting system was ineffective and that the only practical

method of controlling termites was by applying and then maintaining a "complete chemical barrier" in accordance with California law and label requirements (See Exhibit 15).

- 42. Plaintiff is informed and believes by virtue of the Defendants' own admissions and practices that Defendants' knew that without a complete and effective chemical barrier, in accordance with label requirements, the likelihood of termite infestation was substantial in areas like Arkansas or California with "very heavy" or "heavy" subterranean termite pressure. (See Exhibit 15).
- 43. Defendants, by and through their agents, servants, and or employees, uniformly and continuously failed to conduct adequate initial inspections, annual inspections, and reinspections for termite infestation or related damage and other wood destroying organisms as required by contract and law and which were relied upon by Plaintiff.
- 44. Defendants, by and through their agents, servants, and or employees, uniformly and continuously failed to perform the initial protection services that would be reasonably effective to prevent subterranean termite infestation, including elimination of conducive conditions (and advise on the necessity of alteration of such conditions) prior to application of chemical or other prevention or control measures such as alterations to structures or foundation areas so as to make application of a complete chemical barrier an effective preventative or control measure against termites, and failure to apply chemical as required by labels and good practice and company policy and failure to reapply chemicals when disruption of barriers occurred.
- 45. Defendants, by and through their agents, servants, and or employees, intentionally created a scheme and system which has promoted and led to widespread negligence, recklessness and wantonness in the manner of termite prevention services and inspections, annual inspections, re-inspections and certifications thereof.

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- 46. Defendants, by and through their agents, servants, and or employees, engaged in a practice of representing that they had developed a system that would "lure" termites to stations containing a poison "bait" that would eliminate termite colonies when they knew that because of the random foraging patterns of subterranean termite colonies that the wood in plastic tubes laced in the ground did not act as a lure or bait for termites. Defendants knew the product did not "bait" termites but instead that termites would have to randomly stumble upon the "traps" to have any effect and that disturbing infested wooden stations could cause termites to abandon the site and falsely advertised and sold prevention and control services as baits without providing bait for termites.
- 47. The Defendants followed a practice of including definitions with repair contracts in combination with business practices that would cause the conditions for coverage not to be met which is and was a deceptive and unfair practice. For example, the repair promise was conditioned upon a Terminix employee finding live termites when the practice of the company was to kill live termites before the extent of live termites could be discovered by the property owner and when termites could damage wood during the contract term without being present at the time of inspection.
- 48. Defendants, by and through their agents, servants, and or employees, intentionally, recklessly, wantonly and/or negligently suppressed the fact that the entirety of Plaintiff's house had not received the termite treatment for which Plaintiff had contracted at the beginning of the relationship. Defendants have refused to make proper remedial treatments and/or repairs to the home every day since the original treatment, causing a new breach or tort each day thereafter through a course of active concealment of wrongdoing in the face of a duty of disclosure and, therefore, have lulled the Plaintiff and class members into believing the property received the service promised.

- 49. Defendants routinely followed a practice of including unfair, illegal, and unconscionable clauses in their consumer contracts such as remedy stripping clauses and arbitration clauses containing class action bans and limitations on remedies. Clauses containing these types of restrictions are unconscionable and unenforceable under California Law, including illustrative examples from Plaintiff's Contract:
 - Limiting service to a method that Defendants knew was not necessarily the a. "necessary service";
 - b. Defining new damage covered in a manner that has no reasonable or fair scientific basis (i.e., the definition of "new" damage throughout);
 - Inclusion of "recitals" of "Purchaser Understanding" of characteristics of c. termite habits and biology and the alleged means of operation and characteristics of the Baiting System which are beyond the reasonable understanding of non-expert consumers;
 - d. Unconscionable arbitration clause which fails the chosen forum's "Due Process Protocol for Consumer Agreements";
 - Limitation of liability clauses; e.
 - f. Shifting attorney fees and all expenses of Terminix to consumers who sue Terminix for anything other than for maintenance of the Baiting System or for the limited property damages specified in the contract even where Terminix is accused of not providing the service it provided;
 - Representations that "retreatments" of termite infestations can be g. accomplished by the Baiting System; and
 - Unilateral Right of Cancellation clause buried in a "Change of Law" h. paragraph (#7 of Terms and Conditions) when the main body says the contract is renewable for life.

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- 46. ServiceMaster uniformly and continuously controlled and directed the aforementioned conduct and omissions of Terminix.
- 50. The foregoing activities, concealment, and patterns and practices, have been known to, authorized, directed and controlled by, ServiceMaster and have been sanctioned, approved and/or condoned, and allowed to continue even after investigating said alleged practices.
- 51. Defendants, by and through their agents, servants, and or employees, have held themselves out to Plaintiff, or their predecessor(s) in interest, as being experts in the field of termite infestation treatment and inspection in advertisements and other publications directed at the residents of this state and by virtue of the activities they undertook as licensed Structural Pest Control Operators ("SPCO's").
- 52. Defendants uniformly represented in standardized printed material and by their actions that Plaintiff's property had been properly treated and otherwise protected from termite infestation using the highest standards and that services were provided in compliance with law.
- 53. Defendants have preyed upon and exploited the Plaintiff's lack of expertise, as it relates to proper termite treatment, inspection, re-inspection and re-treatment.
- 54. Defendants actively concealed their practices, schemes and wrongdoing, took steps to make it appear as if there was no wrongdoing, and engaged in other activities by reason of which the tolling of all applicable statutes of limitation is appropriate and required.

IV. <u>CLASS ACTION ALLEGATIONS</u>

55. This action is brought by the named Plaintiff as a class action, on her own behalf and on behalf of all others similarly situated ("the Class"), under the provisions of Rule 23 of the Federal Rules of Civil Procedure.

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56. The Class is comprised of all individuals, proprietorships, partnerships, corporations, and other entities (hereinafter 'persons and entities') that own any home, condominium, apartment complex, commercial building, or other structure, and/or improvements to real property (hereinafter referred to as "structure") located in the State of California who have purchased contracts and/or warranties from Defendants for termite control service or whose contracts with other providers have been purchased or assumed by Defendants, which contain provisions substantially similar to Plaintiff's. Excluded from the Class are all claims by any persons or entities that have already commenced an individual civil action against Defendants related to the subject matter of this litigation. Also excluded from the Class are the following: Defendants; any parent, subsidiary, affiliate, or controlled person of Defendants; the officers, directors, agents, servants or employees of any of the same; persons whose participation as a class representative or member would require recusal of the hearing officer; members of the judiciary assigned to this case and their relatives within the second degree of consanguinity; and, the members of the immediate families of any such person.

- This action has been brought and may properly be maintained as a class action 57. under California law.
- 58. Plaintiff is unable to state precisely the size of the Class, but is informed and believes that members of the Class number at least into the thousands. The Class is sufficiently numerous and dispersed throughout the state that joinder of all its members is impractical.
- 59. There are numerous common questions of law and fact with respect to Defendants and their contracts involving the Class members. Among these questions common to the Class are:
 - Whether Defendants provided necessary services for the control, (a) prevention, eradication, and inspection for termites;

- (b) Whether Defendants, with respect to their contract for service, were negligent in the execution of the service that they were to provide and/or failed to provide the services promised or otherwise required;
- (c) Whether Defendants collected money without providing the services they were obligated to provide;
- Whether Defendants engaged in a pattern and practice of replacing existing (d) service contracts with other service contracts to improperly excuse prior breaches of duties, limit liability, discourage collectively seeking remedies that may be infeasible to seek individually, and with other terms more favorable to Defendants;
- (e) Whether Defendants illegally raised and collected annual renewal fees;
- Whether Plaintiff and class members are entitled to recover compensatory (f) damages;
- (g) Whether Plaintiff and class members are entitled to recover equitable relief;
- Whether Plaintiff and class members are entitled to recover punitive (h) damages; and
- Whether contracts should be equitably reformed; (i)
- 60. Class action treatment provides a fair and effectual method for the adjudication of the controversy here described, affecting a large number of persons, the joinder of whom is impracticable. The class action provides an effective method whereby the enforcement of the rights of Plaintiff and members of the Class can be fairly managed without unnecessary expense or duplication.
- 61. If Class members were to pursue individual litigation, it would be unduly burdensome to the courts within which the individual litigation would proceed. Individual

litigation would magnify the delay and expense to all parties in the court system by resolving the controversy engendered by Defendants' course of conduct with respect of its contract. By contrast, the class action device presents far fewer management difficulties and provides the benefits of unitary adjudication, economies of scale, and comprehensive supervision by a single court. Concentrating this litigation in one forum will aid judicial economy and efficiency, promote parity among the claims of the individual Class members and result in judicial consistency. Notice of the pendency and any resolution of this action can be provided to the Class members by publication and direct mailing upon discovery of Defendants' files.

- 62. The expense and burden of individual litigation of a case of this magnitude make it impractical for individual Class members to seek redress for the wrongs done to them and therefore requires consolidation of all such claims in one action.
- 63. The claims of Plaintiff, as the Class Representative, are typical of the claims of the members of the Class.
- 64. Plaintiff will fairly and adequately protect the interests of the Class she represents. The interests of Plaintiff, as the Class Representative, are consistent with those of the members of the Class. In addition, Plaintiff is represented by experienced and able counsel who have represented Plaintiff classes in similar litigation.
- 65. Plaintiff and class members envision no unusual difficulty in the management of this action as a Class action.
- 66. Plaintiff and the Class had no knowledge of Defendants' wrongdoing alleged herein and could not have discovered the true nature of Defendants' acts at any time prior to the filing of this complaint by exercise of due diligence because of the concealment of the wrongdoing by Defendants. Accordingly, Plaintiff's claims alleged herein are not barred by any applicable statute of limitations.

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COUNT ONE

Breach of Contract and Warranty

- 67. The preceding paragraphs of this Complaint, and any additional factual averments set forth in any subsequent sections of this Complaint, are deemed to be repeated and incorporated by reference in this Count.
- 68. Plaintiff and the Class entered into written contracts with Defendants and undertook obligations, paying premiums in full, renewing annually, and fully performed all obligations under the contracts.
- 69. The conduct herein alleged breaches, and has breached, the provisions of Defendants' contracts with Plaintiff and the Class and Plaintiff's and the Class's predecessor(s) in interest, and the standardized warranties afforded Plaintiff and the Class under their contracts.
- 70. Plaintiff and class members have incurred damages proximately caused by Defendant's breaches of statutory and contractual duty, breaches of warranty, and misconduct described herein.

COUNT TWO

Professional Negligence, Wantonness and Recklessness (including negligent training, supervision and retention)

- 71. The preceding paragraphs of this Complaint, and any additional factual averments set forth in any subsequent sections of this Complaint, are deemed to be repeated and incorporated by reference in this Count.
- 72. Defendants owed Plaintiff and the class a duty of care and professionalism in the rendition of pest control and termite inspection services, and in training and supervising their employees to perform those services in full compliance with the laws of the State of California. Specifically California Business and Professional Code section 8516 and sections 8560 et. seq. (2003) and California Code of Regulations section 1937 and sections 1990 et. seq. (2007).

- 73. Defendants' duties arise out of California law regulating Structural Pest Control Operators licensing and operations. Specifically, California Business and Professional Code section 8516 and sections 8560 et. seq. (2003) and California Code of Regulations section 1937 and sections 1990 et. seq. (2007). These duties are separate from and in addition to any duties that arose out of the terms of the contract.
- California Business and Professional Code section 8516 and sections 8560 et. seq. 74. (2003) and California Code of Regulations section 1937 and sections 1990 et. seq. (2007) provide certain training requirements that must be met before individual, companies and / or branch offices can provide structural pest control services in the State of California.
- 75. Defendants have held themselves out as certified experts in the field of structural pest control under California laws and regulations and as such had duties of the profession to use such skill, prudence, and diligence as other members of their profession commonly possess and exercise.
- 76. Defendants' duties owed to Plaintiff and the Class in putting forth loyal, honest, and fair dealing employees who act in compliance with State law arise from the special or confidential relationship between the parties, California statutes and regulations governing the termite industry, and Defendants' superior knowledge of the termite industry, their practices, and Defendants and their practices.
- 77. Defendants breached their duties by failing to conduct adequate training of their employees prior to providing them with access to the public and authorizing them to conduct termite investigations and use and/or apply chemicals, devices or systems to prevent infestation upon whom Defendants and their employees knew Plaintiff would reasonably rely in deciding to protect their homes.

- 78. Defendants breached their duty by failing to provide adequate supervision of their employees, of their dealings with the public.
- 79. Defendants breached their duty by negligently retaining employees known to have acted or refused to act as specified above or who were known to have violated Defendant's stated company policies and procedures regarding treatments and inspections and who were not licensed or should not have been licensed to perform these service.
- 80. Defendant's negligent retention of employees known to have engaged in the misconduct described herein acted as ratification of such misconduct.
- 81. Defendants failed to train employees adequately in order to cause many of them to fail to understand that services would be provided negligently, wantonly, or recklessly and contrary to a reasonably prudent standard of care in performance of termite protection services to its customers, in violation of Defendants' common law duty to exercise reasonably prudent care under the circumstances, California Regulations governing the termite industry, and California statutes proscribing improper conduct in Defendants' professional business practices.
- 82. Defendants knew, or should have known, of the wrongful practices engaged in by their employees, and knew or should have known that their own training, supervision and retention practices were inadequate to fulfill their obligation to protect the public from unscrupulous, dishonest, and deceptive practices by their agents and employees.
- 83. Plaintiff and class members have incurred damages proximately caused by Defendant's negligence in training, supervising, and retaining their employees, breaches of statutory and contractual duty, and misconduct described herein.

COUNT THREE

California UCL (Business and Professions Code § 17500 et seq.)

- 84. The preceding paragraphs of this Complaint, and any additional factual averments set forth in any subsequent sections of this Complaint, are deemed to be repeated and incorporated by reference in this Count.
- 85. Plaintiff asserts this cause of action for violations of Business and Professions Code § 17500.
- 86. Advertisements and inducements were made within the State of California and County of Alameda and come within the definition of advertisements as contained in Business and Professions Code § 17500 in that such promotional materials are an inducement to the public to purchase the services described herein, and are statements disseminated by Defendants to the general public. Defendants have illegally retained payments for services or goods they did not supply.
- 87. In furtherance of said plan and scheme, Defendants have prepared and distributed within the State of California false promotional materials soliciting clients to purchase termite service contracts that they had no intention of performing as they represented and implied they would do. The above acts of Defendants, in disseminating said statements throughout the State of California and to the general public thereof, were and are untrue or misleading, and therefore were and are likely to deceive the general public of the State of California by obfuscating the nature of termite protection and what service is actually required to protect consumers' property from termites, all in violation of California Business and Professions Code § 17500.

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88. As a result of the above violations of Business and Professions Code § 17500, Plaintiff, on behalf of the People of the State of California pursuant to Business and Professions Code § 17535, are entitled to an order of this court enjoining such future conduct on the parts of Defendants, and such other orders and judgments which may be necessary, including the appointment of a receiver, to restore to any person in interest any money paid for services that were not provided, as a result of the acts of Defendants.

COUNT FOUR

California UCL (Business and Professions Code § 17200 et seq.)

- 89. The preceding paragraphs of this Complaint, and any additional factual averments set forth in any subsequent sections of this Complaint, are deemed to be repeated and incorporated by reference in this Count.
- 90. Plaintiff and the class assert this cause of action seeking equitable relief for violations of Business and Professions Code §§ 17200 and 17500.
- 91. Such acts of Defendants as described above constitute unfair, unlawful and fraudulent business practices and constitute violations of California Business and Professions Code §§ 17200 and 17500.
- 92. As a result of the business practices described above, Plaintiff, on behalf of the People of the State of California and pursuant to Business and Professions Code § 17203 are entitled to an order enjoining such future conduct on the part of Defendants, and such other orders and judgments which may be necessary, including the appointment of a receiver, to restore to any person in interest any money, as a result of the acts of Defendants.

COUNT FIVE

Violation of Consumers Legal Remedies Act (Civil Code §1750, et seq.) – All Defendants

- 93. The preceding paragraphs of this Complaint, and any additional factual averments set forth in any subsequent sections of this Complaint, are deemed to be repeated and incorporated by reference in this Count.
- 94. In or around July of 1999, Defendants sold to Plaintiff a termite control plan called "Sentricon Subterranean Termite Protection Plan."
- 95. The termite control plan was bought by Plaintiff primarily for personal, family, or household purposes.
- 96. At the time of the sale, Defendants represented to Plaintiff, in a writing entitled "Sentricon Subterranean Termite Protection Plan," that the termite service contract would kill termites that attempted to infest Plaintiff's dwelling and that the regularly scheduled maintenance was necessary to maintain this protection. In fact the termite control plan was substantially defective in that the protection offered did not kill termites and the regular maintenance offered no additional protection.
- 97. Plaintiff is informed and believes and thereon alleges that the above-mentioned misrepresentation was intended by Defendants to result in the above-mentioned sale of the termite service contract to Plaintiff, and Plaintiff alleges that the above-mentioned purchase of the termite control plan was made in reliance on, and as a result of, the representation of Defendants that such termite control plan was free from any substantial defects.
- 98. Plaintiff is informed and believes and thereon alleges that the above-mentioned misrepresentation was a willful and intentional violation of the provisions of Civil Code Section 1770(a)(7) and that such violation was not the result of a bona fide error notwithstanding the use of reasonable procedures adopted to avoid any such error.
 - 99. On or about August 3, 2007, Plaintiff sent to Defendant a written Notice and

Demand, by certified mail, return receipt requested, to Defendant's business address set forth in the "Sentricon Subterranean Termite Protection Plan" which Notice and Demand notified Defendant of the above-mentioned violation of Civil Code Section 1770(a)(7) that resulted in the sale of the termite control plan to Plaintiff and demanded that Defendant correct, repair, replace, or otherwise rectify the termite control plan purchased by Plaintiff and sold in violation of this section.

- 100. Within 30 days of the Defendants' receipt of the Notice and Demand, Defendants failed to correct, repair, replace, or otherwise rectify, and failed to agree to correct, repair, replace, or otherwise rectify within a reasonable time, the above-mentioned termite control plan.
- 101. By reason of the above-mentioned violation of Civil Code Section 1770(a)(7), Plaintiff has been injured in that Plaintiff was obliged to and did pay Defendants for a plan that was promised to provide a benefit that it, in fact, failed to provide.

PRAYER FOR RELIEF

WHEREFORE, the foregoing averments considered, Plaintiff demands judgment for herself as follows:

- (A) Compensatory damages against Defendants according to proof.
- (B) Incidental, consequential and punitive damages against Defendants according to proof.
- (C) Equitable relief against Defendants in accordance with proof.
- (D) An order that Defendants compensate Plaintiff for all reasonable fees and costs incurred in this litigation, including but not limited to the cost of retaining any expert and all discovery and deposition costs and expenses, and other costs of this litigation, as costs of this action, and awarding Plaintiff their reasonable attorneys' fees and expenses of this action; and

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1	(E) Granting such other an	d further relief, including, without limitation, injunctive
2		mance relief and other forms of equitable relief, as may be
3	just, premises considered.	
4	just, premises considered.	
5	Dated: April 28, 2008	/s/ H. Tim Hoffman
6		H. Tim Hoffman Arthur W. Lazear
7		Morgan M. Mack Hoffman & Lazear
8		A California Law firm
9		Christian H. Hartley Daniel M. Bradley
10		Richardson, Patrick, Westbrook & Brickman, LLC 174 E. Bay Street
11		Charleston, SC 29401 Telephone: (843) 727-6564
12		Facsimile: (843) 727-3103
13		Thomas F. Campbell, CAMPBELL LAW
14		A PROFESSIONAL ASSOCIATION 100 Concourse Parkway Suite 115
15		Birmingham, AL 35244 Telephone: (205) 278-6650
16		Facsimile: (205) 278-6654
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	Class Action Complaint	27

EXHIBITS

PLAINTIFF'S FIRST AMENDED COMPLAINT

EXHIBIT 1

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PRICEDED AT CONFILETION		THE TERMINIX INTERNATIONAL COMPANY L.P.	
Amount	Dopace Named	SENTRICON*	
Account	Membor	SUBTERRANEAN TERMITE PROTECTION F	'LAN



NOTE TO CUSTOMER

This Agreement is contingent on the approval of the Terminix Branch Manager.

(FOR SINGLE FAMILY	
PURCHASER	TELEPHONE (701 527 77)
MAIL ADDRESS //COTS - CRIMITIZATE	
CITY PAN LEGISTAD STATE	CT ZIP CODE
DESCRIPTION OF PROPERTY JULY 1	
PROPERTY ADDRESS LOTS (SPEID LES)	
	7 P CODE
CHIY	, in the professional and the contraction of the co

Effective with the date of initial installation and for one year thereafter, for the sum of \$ \int \frac{1}{2} \fr

destroying organisms such as carpenter and, power-post beaties, wood userly rungl, etc.

1. SERVICE COMMITTMENT

During the term of this Agreement, Terminis will:

1. Institute Sentricos* Colony Elizabation System in the soil around the perimeter of the Structures.

Monitor the System.

Add Recruit* termite bait to, and remove it from, the Sentricos* System as appropriate.

Colony elimination or control is anticipated to occur within 6 to 24 mentis from commencement of the program, depending on geographical location, weather and/or other factors. During this period before colony elimination or control is arthered, new damage from subtractional termits infestation may occur.

State regulations may require that appecific urestiment standards to be performed for conventional termits treatments. These standards will not be performed due to the fact that the Sentricon* System is a new and conceptually different type of termite treatment. The Sentricon* System is registered for use in this state.

2. CONTINUING PROTECTION

Tennish will extend service annually to the Purchaser for so long as Purchaser may own the property for S per year payable on or before the end of the previous annual period. After the third annual period and each ontired period thereafter, Tennish reserves the right to revise the annual extension change.

S. SERVICE COMMITMENT

During the term of this Plan, any further Sentricon* System treatment found necessary by Terminix will be performed free of charge provided, however, if a funigation or spot terminicide term of this Plan, any further Sentricon* System treatment found necessary by Terminix will be performed free of charge provided, however, if a funigation or spot terminicide terament is decembed by Terminix to be necessary to control an aerial (above ground) infestation, Purchaser shall first agree to make access to such aerial infestation and to poy the additional terament is decembed by Terminix will reinspect the Structures at any time upon the request of Purchaser or if Terminix believes it necessary.

4. DAMAGE REPAIR COMMITMENT
This Plan provides protection confidence. 4. DAMAGE REPAIR COMMITMENT
This Plan provides protection against new subsertances termine damage to the structure and contents effective only upon written portification by Terminist that colony elimination or control has been achieved in the use of the Sentionor's System or when a conventional termiticide treatment has been completed, such effective date hereinafter called the "Repair Effective Date." If new damage occurs after the Repair Effective Date, Terminis will, upon notification and inspection, arrange for the necessary repuirs or replacement by a constructor of in choice and pay the entire cost of labor and materials. New damage is defined as darrange done by subternates nermites subsequent to such written notification or conventional terminicide treatment; the definition excludes damage and is not covered under this Policy.

unified this Plan.

Flan. Plan is a manage with not be responsible for repairs from new subterrontan termite damage until the Repair Effective Date. During the interval between installation of Parchaser understands that Terminix will not be responsible for repairs from new subterrontan termite damage until the Repair Effective Date. During the interval between installation of the Senticon's System and colony elimination or control, termite feeding within the Structures and possibly structural damage, should be expected to occur.

5. PURCHASER UNDERSTANDING OF PERFORMANCE OF THE SENTRICON* SYSTEM

Furthers repaired to the structure of the SENTRICON of the SENTRI

5. PURCHASER UNDERSTANDING OF PERFORMANCE OF THE SENTRICON* SYSTEM

Purchaser understands:

• The Sentricon* System involves installation, an initial period of monitoring, volony elimination or control with Recruit* termite bait, and subsequent monitoring for continuous

• protection from new termite activity.

• intervals of from two to serveral months should be expected between:

• initialization of the Sentricon* System and sufficient termite activity to allow addition of Recruit termite bait; and

• b) addition of Recruit* termite bait and complete elimination or control of the termite colony.

Therefore, total time from initial installation to colony elimination or control is expected to be from 6 to 24 months, depending upon geographical location, weather and/or other factors.

• Additional services such as spot applications of conventional termiticides are available for an additional fee to combat termite activity on a localized basis if desired but are not understand to the service in the sentences of conventional termitical and an additional fee to combat termite activity on a localized basis if desired but are not understand to the sentences of the sentences of the sentences of the conventional termitical colony and additional fee to combat termite activity on a localized basis if desired but are not understand to the sentences of the sentences of the conventional termitical termitical and additional fee to combat termitic activity on a localized basis if desired but are not understand to the sentences of conventional and additional fee to combat termitic activity on a localized basis if desired but are not understand to colony survival). The regulator is contained in a Baitube device which will be inserted in the Senticon* System only which prevents immature termitics from monthing (critical to colony servival). The regulator is contained in a Baitube device which will be inserted in the Senticon* System only which prevents intermities from monthing (critical to colony servival). The regulator is in

remains guitables, such the agreement and the processor of purchaser must give prior written notice and arrange with Terminix for additional service at the expense of Purchaser. Such additional or alterations may also require an adjustment to the annual extension charge.

Upon transfer of ownership of the Structures, this Plan may be continued upon the terms and conditions on the reverse side.

Termink has provided the Purchaser with a copy of the manfacturer's specimen label or other state required documents for the terminicide(s) which will be used to treat the above-named

ANY ADDITIONAL PROVISIONS ATTACHED HERETO, INCLUDING THE ARBITRATION AGREEMENT AND THE OTHER TERMS AND CONDITIONS ON THE REVERSE SIDE AND THE INSPECTION GRAPH DATED _______, ARE PART OF THIS PLAN.

NOTICE: YOU, THE PURCHASER MAY CANCEL THIS TRANSACTION AT ANY TIME PRIOR TO MIDNIGHT OF THE THIRD BUSINESS DAY AFTER THE DATE OF THIS TRANSACTION. SEE THE ATTACHED NOTICE OF CANCELLATION FOR AN EXPLANATION OF THIS RIGHT.

PURCHASER AND AND AND AND AND ANTE TERMINIX REPRESENTATIVE AND ANTE TERMINIX ADDRESS.

Trademark of DowElanco

Key # 33018 - REV. 8/97 R/P 7/97

CUSTOMER COPY



TERMS AND CONDITIONS

- 1. EXISTING DAMAGE. Terminis is not responsible for the repair of either visible damage or hidden damage existing as of the date of this Agreement or occurring prior to the Repair Effective Date. Damage discovered after the Repair Effective Date with no verified live and active infestation present shall be deemed to have been caused before that date. Because damage may be present in areas which are inaccessible to visual inspection. Terminiv does not guarantee that the damage disclosed on the inspection graph represents all of the existing damage. as of the date of this Agreement.
- 2. FUTURE DAMAGE, LIMITATION OF LIABILITY. Terminix has not treated the Structures with termiticide, has not treated the soil of the Structures with terminicide, is not required to treat the property and is only obligated to provide further Sentricon. System reasonant if deemed recessary by Terminic. In consideration of the same charged by Terminix bereunder and as a liquidated damage and not as a penalty; and NOTWITHSTANDING ANY CONTRACT, TORT OR OTHER CLAIM THAT TERMINIX SHALL NOT HAVE PROPERLY, PERFORMED ITS DUTIES TO PURCHASER, THE SOLE RESPONSIBILITY OF TERMINIX IN THE EVENT OF A CLAIM SHALL BE TO PROVIDE FURTHER SENTRICON" SYSTEM TREATMENT FOUND NECESSARY BY TERMINIX FREE OF CHARGE AND TO ARRANGE FOR THE NECESSARY REPAIRS OR REPLACEMENT BY A CONTRACTOR OF ITS CHOICE AND PAY THE ENTIRE COST OF LABOR AND MATERIALS FOR NEW SUBTERRANEAN TERMITE DAMAGE OCCURRING AFTER THE "REPAIR EFFECTIVE DATE" TO THE EXTENT PROVIDED HEREIN. PURCHASER EXPRESSLY RELEASES TERMINIX FROM, AND AGREES TO INDEMNIFY TERMINIX WITH RESPECT TO, ANY OTHER OBLIGATION TO PURCHASER WHATSOEVER, Terminix is not responsible for any repair or replacement of damage to the Structures unless arranged for by Terminix or authorized to be performed in its entirety in writing by an officer of Terminix and any other unauthorized repair and/or replacement will terminate the liability of Terminix for the repair of any such damage to the Structures automatically without further notice. THIS PLAN DOES NOT GUARANTÉE, AND TERMINIX DOES NOT REPRESENT, THAT TERMITES WILL NOT RETURN.
- 3. WATER LEAKAGE. Water leakage in treated areas, in interior areas or through the roof or exterior walls of the Structures, may destroy the effectiveness of treatment by Terminix and is conductive to new infestation. Purchaser is responsible for making timely repairs as necessary to stop the leakage. Purchaser s failure to make timely repairs will terminate this Agreement automatically without further notice. Terminia shall have no responsibility for repairs with respect to water leakage.
- 4. ADDITIONS, ALTERATIONS. This Agreement covers the Structures described on the Insepction Graph as of the date of the installation of the Scattricon* Colony Elimination System. In the event the premises are structurally modified, aftered or otherwise changed or if soil is removed or added around the foundation, or if Scattricon* Stations are disturbed, Parchaser will notify Terminix prior to such event and will purchase the additional treatment required by the changes incurred. Failure to do so will terminate this Agreement automatically without further notice. In the event of any such change, Terminix reserves the right to adjust the annual extension charge. The failure of Terminix to notice any such changes during future reinspections or treatments does not release Purchaser from the obligations set forth in this paragraph.
- 5. NOTICE OF CLAIMS, ACCESS TO PROPERTY. Any claim arising out of or relating to this Agreement must be made to Terminix during the term of this Agreement. The only obligation of Terminix to Purchaser arising out of or relating to this Agreement is to re-treat with the Sentricon® System and to arrange for the necessary repairs or replacement by a contractor of its choice and pay the entire cost of labor end materials for new subterranean termite damage occurring after the "Repair Effective Date" to the extent provided herein and then only if a valid claim is made during the term of this Agreement. In the event of any claim by Purchaser for anything other than for Terminix to re-treat the Structures with the Sentricon* System and/or to pay the entire cost of labor and materials for new subterranean termite damage occurring after the "Repair Effective Date" to the extent provided herein. Purchaser shall pay all of the costs and expenses of Terminix, including but not limited to, attorneys' fees, relating to or arising out of such claim. Purchaser must allow Terminix access to the Structures for any purpose contemplated by this Agreement, including but not limited to reinspections, whether the inspections were requested by the Purchaser or considered necessary by Terminix. The failure to allow Terminix such access will terminate this Plan without further notice.

6. DISCLAIMER.

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- A. The liability of Terminix under this Agreement will be terminated if Terminix is prevented from fulfilling its responsibilities under the terms of this Agreement by reason of delays in transportation, stiortages of fuel and/or materials, strikes, embargoes, fires, floods, quarantine restrictions, earthquakes, hurricanes, or any other art of God or circumstances or cause beyond the control of Terminix.
- B. This Agreement provides for treatment and retreatment (using the Sentricon" System) for subterranean (ground) termiles (Reticulitermes spp., Heterotermes spp.) only. This agreement does not provide any treatment for retreatment for formasan termities (Coptotermes spp.,), drywood termities (Kalotermes spp., Incisitermes spp., Cryptotermes spp.), carpenter ants or beeiles or any other wood destroying organisms.
 - C. This Agreement does not cover and Terminix will not be responsible for damage resulting from or services required for:
 - (1) any and all damage resulting from termites and/or any other wood destroying organisms except as specifically provided herein;
 - (2) moisture conditions, facilities but not limited to fungus damage and/or water leakage caused by faulty plumbing, roofs, gutters, downspouts and/or poor dramage, (3) masonry failure or grade alterations.

 - (4) inherent structural problems, including but not limited to wood to ground contacts.
 - (5) termites entering any rigid foam, wooden or cellulose containing component in contact with the earth and the Structures, regardless of whether the component is a part of the Structures.
 - (6) the fashure of Purchaser upon notice from Terminix to promptly cure at Purchaser's expense any condition which prevents proper treatment or inspection or is conducive to termite infestation.
- TERMINIX DISCLAIMS AND SHALL NOT BE RESPONSIBLE FOR ANY LIABILITY FOR DIRECT, INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR LOSS OF QUIET ENJOYMENT DAMAGES. THE OBLIGATIONS OF TERMINIX TO PROVIDE FURTHER SENTRICON" SYSTEM TREATMENT FOUND NECESSARY BY TERMINIX FREE OF CHARGE AND TO ARRANGE FOR THE NECESSARY REPAIRS OR REPLACEMENT BY A CONTRACTOR OF ITS CHOICE AND PAY THE ENTIRE COST OF LABOR AND MATERIALS FOR NEW SUBTERRANEAN TERMITE DAMAGE OCCURRING AFTER THE REPAIR EFFECTIVE DATE TO THE EXTENT PROVIDED HEREIN AND AS SPECIFICALLY STATED IN THIS AGREEMENT ARE GIVEN IN LIEU OF ANY OTHER OBLIGATION OR RESPONSIBILTY, EXPRESS OR IMPLIED, INCLUDING ANY REPRESENTATION OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE,
- 7. CHANGE IN LAW. Terminix performs its services in accordance with the requirements of federal, state and local law. In the event of a change in existing law as it pertains to the services herein. Terminix reserves the right to revise the annual extension charge or terminate this Agreement.
- 8. NON-PAYMENT, DEFAULT. In case of non-payment or default by the Purchaser. Terminix has the right to terminate this Agreement and reasonable attorneys' fees and costs of collection shall be paid by by Purchaser, whether suit is filed or not. In addition interest at the highest legal rate allowed will be assessed to and paid by Purchaser for the period of delinquency.
- 9. ENTIRE AGREEMENT. This Termite Service Plan, together with these Terms and Conditions and the Inspection Graph, constitute the entire Agreement between the parties and no other representations or statements will be binding upon the parties.
- 10. ARBITRATION. The Purchaser and Terminix agree that all matters in dispute between them, including but not limited to any controversy or claim between them arising out of or relating to this Agreement, to any wood destroying insect report with respect to the Structures or otherwise to the Structures in any way, whether by virtue of contract, tort or otherwise, shall be settled exclusively by arbitration. Such arbitration shall be conducted in accordance with the Commercial Arbitration Rules then in force of the American Arbitration Association. The arbitratoris) shall be bound by rules of substantive law and shall not be bound by the rules of evidence, whether or not set out by statute, except for provisions relating to privileged munications. The arbitrator shall give effect to any and all waivers, releases, disclaimers, limitations and other terms and conditions of this Agreement. Therefore, the award shall not, and the arbitrator shall not have the power or authority to, hold Terminix responsible for (i) the repair or replacement of any termite damage to the Structures other than to arrange for the accessary repairs or replacement by a contractor of its choice and pay the unite cost of labor and materials for new subterranean termile damage occurring after the "Repair Effective Date" to the extent provided herein (ii) loss of amicipated rems and/or profits or loss of quiet enjoyment, (iii) direct, indirect, special. incidental, consequential, exemplary or punitive damages or (iv) attorney loss. Each party shall be responsible for paying any attorneys' fees, expert witness fees and other expenses it incurs on its behalf in connection with the arbitration, plus one half the arbitrator siee and one half of any expenses incurred by the arbitrator, and the award shall assess the arbitrator's fees and expenses accordingly. Any award of damages pursuant to such arbitration, shall be included in a written decision which shall state, the reasons upon which the award was based, including all the elements involved in the calculation of any award of damages. The decision of the arbitrator shall be a final and binding resolution of the disagreement which may be entered as a judgment by any court of competent jurisdiction. Each party consents to the personal jurisdiction and venue of the courts in which the Structures is located and the courts of the State of Tennessee and of the U.S. District Court for the Western District of Tennessee. Neither party shall sur the other party with respect to any matter in dispute between the parties other than for enforcement of this arbitration provision or of the arbitrator's decision and a party violating this provision shall pay the other party's costs, including but not limited to, attorneys' fees, with respect to such suit and the arbitration award shall so provide,
- 11. LIMITED ASSIGNABILITY. This Agreement is assignable by Purchaser to a new owner of the property for a period of one year from the effective date of this Agreement and, thereafter, upon the written request of the Purchaser, and only in the sole discretion of Terminix after its inspection of the property which consent, if given, shall be in writing signed by Terminix and accepted in writing by Purchaser. In addition, Terminix reserves the right to revise the annual extension fee upon any such assignment and to require execution by the new owner of an agreement in the form then in use by Terminix. In the event the new owner fails to pay the revised annual fee or execute such agreement, this Agreement will terminate automatically effective as of the date of the change of ownership.
- 12. OWNERSHIP OF SENTRICON* SYSTEM COMPONENTS. The Purchaser understands that all of the components of the Sentricon System ("Components") are and will remain the property of DowElanco, the manufacturer. The Purchaser has no ownership rights to any of the Components, other than the right to their use as installed by Terminix under this Plan on the Structures. Upon the expiration or termination of the Plan, Terminix or its authorized representatives are authorized by Purchaser to retrieve from Purchaser's premises the System Stations and other Components contained therein for appropriate disposition. If Terminix, for whatever reason, ceases to use the Sentricon* System, Terminix will: as so notify Purchaser;
 - b) offer Parchaser the alternative of either using a different system of termine protection or control or discominuing this Plan, and

PLAINTIFF'S FIRST AMENDED COMPLAINT

EXHIBIT 2

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PAGE 03/33 PAGE 03/32

STATE OF FLORIDA OFFICE OF THE ATTORNEY GENERAL, DEPARTMENT OF LEGAL AFFAIRS

IN THE MATTER OF:

THE TERMINIX INTERNATIONAL COMPANY LIMITED PARTNERSHIP

CASE NO. 95-410099

Respondent.

ASSURANCE OF VOLUNTARY COMPLIANCE

Pursuant to the provisions of Chapter 501, Part II, Florida Statutes, Florida's Deceptive and Unfair Trade Practices Act and Chapter 482, Florida Statutes (Florida's Structural Pest Control Act), the OFFICE OF THE ATTORNEY GENERAL, DEPARTMENT OF LEGAL AFFAIRS, hereinafter referred to as the Attorney General and Florida's DEPARTMENT OF AGRICULTURE, BUREAU OF ENTOMOLOGY and PEST CONTROL, hereinafter referred to as the Department of Agriculture, caused an inquiry to be made into certain service practices of The Terminix International Company Limited Partnership, a Delaware Limited Partnership, registered to do business in Florida, having regional offices in Tampa, Hillsborough County and Fort Lauderdale, Broward County, Florida, hereinafter referred to as Terminix.

IT APPEARS that Terminix is willing to enter into this Assurance of Voluntary

Compliance, hereinafter Assurance without any admission that Terminix has violated the law and

for the purpose of settlement in this matter only, and the Attorney General, by and through its

undersigned Assistant Attorney General being in agreement, does in this matter accept this

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Assurance in termination of this investigation pursuant to Section 501.207(6), Florida Statutes, and by virtue of the authority vested in the Attorney General by said statute.

- 1. As used herein, "Terminix" includes its agents, employees, representatives, or any other persons who act under, by, through or on its behalf (excluding any independent Terminix franchise).
- 2. As used betein, the term "Investigation" as used in this Assurance shall mean an investigation by the Office of the Attorney General, Department of Legal Affairs, File No. 95-410099, which was opened and assigned. The investigation is limited to all matters directly relating to Terminix's subterranean termite protection and service treatment to consumers in the State of Florida for a period of time commencing four years prior to the date of this Assurance and ending with the date of Assurance (hereinafter referred to as the "Matters Investigated").

 Particular attention in the investigation was focused upon the following Terminix locations:

1637 East New York Avenue, Deland, FL 32724;

5151 Sumbeam Road, Suite 20, Jacksonville, FL 32256;

1684 North County, Route 427, Longwood, FL 32750;

505 N.W. 103rd Street, Miami, FL 33150;

5721 N.W. 158th Street, Miami, FL 33014;

7165 S.W. 44th Street, Miami, FL 33155;

1515 West Vassar Street, Orlando, FL 32804;

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1539 N.W. 65th Street, Plantation, FL 33313; and 1728 S.W. Biltmore Street, Port St. Lucie, FL 34984.

- 3. The term "Parties" as used in this Assurance shall collectively refer to Terminix, the Attorney General, and the Department of Agriculture.
- 4. The term "Consumers" or "Consumers' premises" as used in this Assurance shall mean those persons who contracted for and received initial treatment of their premises for protection against the infestation of subterranean termites (excluding Formosan termites) during the period and from the Terminia locations whose addresses are stated in Paragraph 1, and whose contracts did not specifically state that their treatment was limited to spot or booster treatment or a pretreatment, rather than complete protection.
- 5. The terms "Termite Protection Plan" and "Termite Service Plan" as used in this Agreement shall mean the Termite Protection Plan and Termite Service Plan offered to certain Consumers by Terminix in conjunction with subterranean termite protection treatments (copies of the Termite Protection Plan and Termite Service Plan are attached hereto as Exhibits "A" and "B").
- 6. It is expressly understood and agreed between the Parties that this Agreement, and the payments, obligations and releases provided hereunder, are not and shall not be interpreted to constitute an admission of liability or acknowledgment of the validity of any of the claims which were or which could have been asserted by the Attorney General arising out of the Matters Investigated which alleged liability or validity is hereby expressly denied by Terminix.

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7. Terminix agrees to continue to implement procedures and to improve procedures designed to effectively train its service personnel as to the treating and protecting of premises against the infestation of subterranean termites by establishing continuous termiticide chemical barriers around the perimeters of such premises. Terminix agrees to provide such information to all of its current and future employees.

- 8. Terminix agrees to undertake and complete the following for Consumers, who contracted for and received initial subterranean termite protection treatment and who are subterranean termite control customers of Terminix as of the date of the execution of this Assurance:
- a. Provide to the Department of Agriculture the names, addresses and telephone numbers of all Consumers who qualify pursuant to this section.
- b. Upon consent of the Consumer, perform an inspection upon each of the Consumer's premises to assure that Terminix provided treatment establishing physical evidence of a chemical termiticide barrier covering the complete perimeter of such premises and to inspect for evidence of subterranean termite (not including Formosan termite) infestation. For the purposes of this Agreement, a failure to establish physical evidence of a chemical termiticide barrier covering a premise's complete perimeter will be deemed to be limited to the following:
 - 1) failure to treat an entire side of the perimeter of the premises; or
- 2) drill holes that do not penetrate to the soil of the premises, unless another or substitute adjoining drill hole was drilled in close proximity to the non-penetrating

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drill hole.

Failure to establish physical evidence of a chemical termiticide barrier covering the complete perimeter of the premises shall not be deemed to include any such failure resulting from (i) the failure of a Consumer to notify Terminix in advance of structural modifications or alterations to the premises or of soil removal or addition around the foundation and to purchase the additional treatment required by any such change, (ii) treatment of the soil without drilling where appropriate and accompanied by supporting documentation, or (iii) pursuant to the written approval of the Consumer.

- Provide each Consumer whose premises is determined not to have received treatment by Terminix resulting in establishing physical evidence of a chemical termiticide barrier covering the complete perimeter of their premises, as defined in Paragraph 8(b), with the following options at the sole discretion of each qualified Consumer:
- a complete retreatment of the area described in Paragraph 8(b)(1) or 8(b)(2), one year of Terminix's Termite Protection Plan or Termite Service Plan coverage (as provided by contract between Terminix and the Consumer) at no additional charge, plus arrange for the necessary repairs or replacement, caused as a result of the failure to treat described in Paragraph 3(b)(1) or 3(b)(2), by a licensed contractor selected by the Consumer (but at a cost not to exceed the estimate from a licensed contractor selected by Terminix), of structural damages caused by currently active subterranean termites (not including Formosan termites), if any, and

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not as a result of water leakage; or

a full refund of the purchase price paid to Terminix and 2) cancellation of the contract; plus arrange for the necessary repairs or replacement caused as a result of the failure to treat described in Paragraph 8(b)(1) or 8(b)(2), by a contractor selected by the Consumer (but at a cost not to exceed the estimate from a licensed contractor selected by Terminix), of structural damages caused by currently active subterranean termites, if any, (not including Formosan termites), and not as a result of water leakage.

A Consumer shall have 30 days from receipt of Terminix's written offer to accept one of the options specified in this Paragraph 8(c). A form provided with the offer shall contain a full release of all claims which could be made against Terminix under this Assurance. To accept the offer, the Consumer must return the completed acceptance form and the executed release form to Terminix by hand delivery or by U.S. mail, postmarked not later than midnight of the last day of the acceptance period. If the Consumer does not accept the offer, the Consumer may request arbitration under the terms of Paragraph 8(d). A request for arbitration must be made in writing to the Attorney General within the 30 day period for acceptance of the offer. If the Consumer fails to accept the offer or to request arbitration within the foregoing time period, Terminix's offer is considered withdrawn and void and the Consumer will be deemed to have elected not to participate in resolving any dispute the Consumer has with Terminix under this Assurance. If the Consumer requests arbitration, the decision of the arbitrator shall be the Consumer's sole and exclusive remedy pursuant to this Assurance. The arbitration shall be final and binding on the

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Consumer and Terminix. Nothing herein shall be construed to limit or effect the rights or obligations between Consumers and Terminix other than those specifically addressed by the terms of this Assurance.

- Agree to arbitrate disputes with each affected Consumer covered by đ. Paragraph 8(b) by an independent arbitrator(s) appointed by the Attorney General. All fees and expenses of the arbitrator(s) with respect to the arbitration shall be paid by Terminix, not to exceed \$150.00 per arbitration. The Attorney General and Terminix mutually agree to schedule such arbitrations as conveniently as possible to promote efficiency of the arbitration pursuant to this Assurance and reduce the expenses of such arbitrations.
- Report the results of each reinspection, retreatments and the amounts of repairs, retreatments, or refunds, and the names, addresses and telephone numbers of each of the Consumers affected, to the Department of Agriculture within 60 days of each inspection, date of repairs or refunds, as the case may be.
- Upon execution of this Agreement by all Parties, Terminix agrees to pay the amount of \$200,000.00 (Two hundred thousand dollars) in full payment of attorney's fees, costs, and investigative expenses incurred by the Attorney General and the Department of Agriculture. Such payment shall be made as follows: \$50,000.00 (Fifty thousand dollars) payable to The State of Florida, Office of the Automey General, Legal Affairs Trust Fund, and \$150,000.00 (Onc hundred and fifty thousand dollars) payable to The State of Florida, Department of Agriculture, and shall be sent by certified mail to Lester Garringer, Jr., Assistant Deputy Attorney General,

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Office of the Attorney General, PL-01, The Capitol, Tallahassee, Florida 32399-1050.

- Within thirty days of the submission of an invoice and reasonable detail to 10. Terminix, Terminix agrees to pay the following costs necessary to administer this settlement:
 - establishment of a toll-fire hotline to Terminix; and a)
- reimburgement to the Department of Agriculture for the costs of b) maintaining, during the pendency of the reinspections specified in Paragraph 11, of four (4) independent contractor inspectors knowledgeable in the field of subtemmean termite prevention and control to be selected, trained and supervised by the Department of Agriculture, for the purpose of performing random reinspections of 10% of the inspections performed by Terminix pursuant to this Agreement.
- Reinspections by the independent contractor inspectors, as specified in Paragraph 11. 10, will be performed upon premises previously inspected by Terminix and determined by Terminix to have an established physical evidence of a continuous chemical terminicide barrier as defined in Paragraph 8(b). Terminix will be liable for the following in the event that the subsequent reinspection discloses that Terminix has not provided treatment establishing physical evidence of a continuous chemical termiticide barrier as defined in Paragraph 8(b):
- the options pursuant to Paragraph 8(b) will be available to such 1) Consumers; and
- except in those instances where the only discrepancy found by the 2) reinspections are a minority of non-penetrating drill holes or non-penetrating drill holes with

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another or substitute drill hole drilled in close proximity to the non-penetrating drill hole, Terminix will pay civil penaltics of \$10,000.00 per violation pursuant to Section 501.2075, Florida Statutes, not to exceed \$10,000.00 in the aggregate with respect to ireatments performed by any one Terminix technician.

Terminix shall have the opportunity but not the obligation to observe the reinspections described in this paragraph, and the Department of Agriculture shall give Terminix five business days advance notice of the time, geographical area and meeting place (but not the specific address) of the inspection. The independent contractor inspectors shall provide a written report to the Consumer, the Department of Agriculture and to Terminix within thirty days after conducting an inspection. The report shall document the inspector's observations and conclusions as to whether there is an established physical evidence of a continuous chemical termiticide barrier as defined in Paragraph 8(b) and, in addition to the written report, an oral report to the Department of Agriculture and to Terminix within 5 days of any inspection where the inspector's conclusion is that there is no established barrier. Terminix shall have the right to review and contest any such finding and, in the event no agreement is reached, the Department of Agriculture will conduct a further reinspection of the premises, which may be attended by a Terminix representative (and the Department of Agriculture shall give Terminix five business days advance notice of the time and address of the inspection), upon which the findings of the Chief of the Bureau of Entomology & Pest Control, Department of Agriculture, will be deemed to be final.

Terminix shall be responsible for making the substantive terms and conditions of 12.

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this Assurance known to the current officers, directors, partners, employees, agents, representatives, licensees, franchisees, successors and assigns, or any other persons engaged in Terminix's business, projects and activities in Florida.

- Terminix shall not effect any change in the form of doing business or their 13. organizational identity as a method of avoiding the terms and conditions of this Assurance.
- The Parties agree that the payments made and obligations performed pursuant to 14. this Assurance constitute a complete resolution and settlement of all issues and matters relating to or the subject of the Matters Investigated. Upon execution of this Assurance, performance of the obligations set forth herein, and payment of the sums provided for, this investigation as defined in Paragraph 1 shall be concluded. It is agreed that the Office of the Attorney General will not re-open the Investigation and will not institute, commence or conduct a further investigation of Terminix, nor take any other action with respect to the Matters Investigated, except for the non-compliance by Terminix with Paragraphs 1-12.
- The Parties agree that this Assurance shall become effective upon its execution by 15. the parties. The receipt or deposit by the Office of the Attorney General of any monies pursuant to this Assurance does not constitute acceptance by the Attorney General, and any monies received shall be returned if this Assurance is not executed by the Attorney General or his Deputy or by the Department of Agriculture or its General Counsel.
- The Parties agree that Terminix and its representatives, agents, employees or any 16. other person who acts under, by, through, or on behalf of Terminix, directly or indirectly, or

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through any corporate or other device, shall not represent or imply that any activity hereinafter used or engaged in by Terminix has been approved, in whole or in part, by the Attorney General or the Department of Agriculture.

- 17. This Assirance shall be binding upon and inure to the benefits of the Parties, and Consumers as defined herein, and to their respective successors and assigns.
- 18. This Assurance constitutes the entire agreement between the Parties with regard to the subject matter contained herein and all prior negotiations and understandings between the Parties shall be deemed merged into this Assurance.
- 19. No representations, warranties, or inducements have been made to the Parties concerning this Assurance other than those representations, warranties and covenants contained in this Assurance.
- 20. No waiver, modification or amendment to the terms of this Assurance shall be valid or binding unless made in writing, signed by the Party to be charged and then only to the extent set forth in such written waiver, modification or amendment.
- 21. Any failure by any Party to the Assurance to insist upon the strict performance by any other Party of any of the provisions of this Assurance shall not be deemed a waiver of any of the provisions of this Assurance, and such Party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Assurance.
 - 22. This Assurance shall be governed by, and construed and enforced in accordance

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with the laws of the State of Florida, without regard to its conflict of laws principles.

- 23. By entering into this Assurance, Terminix does not agree or concede that the claims or allegations which have or could have been asserted by the Parties have ment.

 Terminix emphatically, specifically and categorically denies any violations of federal, state, county or local laws or regulations and further denies any liability for any alleged violations of the foregoing.
- 24. This Assurance is being entered into to benefit Terminix's consumers in the State of Florida and to avoid the expense and length of legal proceedings, taking into account the uncertainty and risk inherent in any litigation.
- 25. This Assurance, any action taken to reach, effectuate or further this Assurance, and the terms set forth herein, shall not be used as an admission by or against any of the Parties of any fault, wrongdoing, or liability whatsoever, or as a waiver or limitation of any defense otherwise available to any of the Parties. Entering into or performance of this Assurance, or any negotiations or proceedings related thereto, shall not in any event be deemed to be evidence of, an admission or concession by any of the Parties, or to be a waiver of any applicable defense. Nothing in this Assurance, including this Paragraph, shall be construed to limit or to restrict Terminix's right to utilize this Assurance or parformance of its obligations or payments made hereunder, to assert and maintain the defenses of res judicata, collateral estoppel, payment, compromise and settlement, accord and satisfaction, or any other legal or equitable defenses in any pending or future legal or administrative action or proceeding.

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- 26. If any clause, provision or section of this Assurance shall, for any reason, be held illegal, invalid or unenforceable, such illegality, invalidity or non-enforceability shall not affect any other clause, provision or section of this Assurance, and this Assurance shall be construed and enforced as if such illegal, invalid or unenforceable clause, section or other provision has not been contained berein.
- 27. This Assurance was executed after arm's length negotiations between the Parties and reflects the conclusion of the Parties that this Assurance is in the best interest of all the Parties.
- 28. Each of the Parties participated jointly in the drafting of this Assurance, and therefore the terms of this Assurance are not intended to be construed against any of the Parties by virtue of draftsmanship.
- 29. This Assurance may be executed in several counterparts, each of which together shall constitute an original and all of which together shall constitute one and the same instrument.
- 30. This Assurance shall not be admissible, by any of the Parties, or any other person or entity, as evidence in any other proceeding other than a proceeding brought to enforce the provisions hereof.
- 31. The Perties agree to cooperate to the fullest extent possible in the implementation of this Assurance.

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IN WITNESS WHEREOF, the Parties' signatures below reflect their agreement

and consent to the terms stated above.

Donald K. Karnes, as President of Terminix International, Inc., with the authority to bind The Terminix International Company L.P.

STATE OF TENNESSEE)

COUNTY OF SHELBY

BEFORE ME, an officer duly authorized to take acknowledgments in the State of Tennesses personally appeared Donald K. Kames, as President of The Terminix International, Inc., a General Partner of The Terminix International Company L.P., and he acknowledged before me that he executed the foregoing instrument for the purposes therein stated on the

Sworn and subscribed to before me this 10 day of

My Commission Expires Jan

(print, type, or stamp commissioned Notary Public)

or Produced Identification Personally known (check one)

Type of Identification Produced:

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STATE OF FLORIDA, DEPARTMENT OF LEGAL AFFAIRS, OFFICE OF THE ATTORNEY GENERAL

MAR. 31, 1997

Robert J. Buchner

Assistant Attendey General

Accepted this Xiv day of

, 1997,

Peter-Antonacci, Deputy Attorney General

The Capitol

Tallahassee, Florida 32399-1050

(904) 488-9105

STATE OF FLORIDA, DEPARTMENT OF AGRICULTURE &

CONSUMER SERVICES

Arein 18,1991

Ann H. Wainwright, Assistant Commissioner

Accepted this 18 day of april, 1997.

Richard Trischler, General Counsel

The Capitol

Tallahassee, FL 32301

(904) 488-3022

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Florida Department of Agriculture & Consumer Services BOB CRAWFORD, Commissioner The Capitol • Tallahassee, FL 32399-0800

April 22, 1997

Peter A. Antonacci, Esq. Office of the Attorney General Plaza Level The Capitol Tallahassee, Florida

Re: The Terminix International Company Limited Partnership Case No. 95-410099

Dear Mr. Antonacci:

Enclosed please find the original, fully executed, Assurance of Voluntary Compliance in the above matter. We have retained a copy for our files.

Sincerely,

Rita Johnson

Rita Johnson

Office of General Counsel

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EXHIBIT A

THE TERMINIX INTERNATIONAL COMPANY LP.

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This Agreement is contingen
on the approval of the
Terminix Branch Manager.

NOTE TO CUSTOMER

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necessary services to the ide	itial treatment and for one year thereafter, for the sum of \$ Terminix will provide the ntiffied property to control or protect against subterranean termines (Reticulitermes spp., Heterotermes tool or protect against formosen termites (Coprotermes spp.).	e F
Terminix will extend service payable on or before the end reserves the right to revise the	annually to the Purchaser for so long as Purchaser may own the property for \$	s X
During the term of this Plan	any further treatment found necessary by Terminix will be performed free of charge. Terminix wi	I

reinspect the identified property at any time the Purchaser requests it or if Terminix believes it necessary

Plan provides protection against new subterranean termine damage to the structure and contents. If new damage occurs during the term of this Agreement, Terminix will, upon notification and inspection, arrange for the necessary repairs or replacement by a contractor chosen by Terminix and pay the entire cost of labor and materials. New damage is defined as damage done by subterranean termites subsequent to the effective date of this Agreement: the definition excludes damage existing at that date. Unless live termites are found in the damaged area, the damage discovered is old damage and is not covered under this Plan. Repairs for new damage to commercial structures (including but not limited to multi-unit residential apartments, town houses, and condominiums) are limited in the aggregate to \$300,000 during the term of this Plan.

In the event of additions or alterations to the identified property, Purchaser must give prior notice and arrange with Terminix for additional service at the expense of Purchaser. Such additions or alterations may also require an adjustment to the annual extension charge.

Upon transfer of ownership of the identified property, this Plan may be continued upon the terms and conditions on the reverse side. ANY ADDITIONAL PROVISIONS ATTACHED HERETO, INCLUDING THE ARBITRATION AGREEMENT AND THE OTHER TERMS AND CONDITIONS ON THE REVERSE SIDE AND THE INSPECTION GRAPH DATED _ ARE PART OF THIS PLAN.

Terminix has provided the Purchaser with a copy of the manufacturer's specimen label or other state required documents for the termiticide(s) which will be used to treat the above-named property.

Purchaser's Initials

NOTICE: YOU, THE PURCHASER, MAY CANCEL THIS TRANSACTION AT ANY TIME PRIOR TO INICHT OF THE THIRD BUSINESS DAY AFTER THE DATE OF THIS TRANSACTION. SEE THE ACHED NOTICE OF CANCELLATION FOR AN EXPLANATION OF THIS RIGHT.

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City	StateZip Code	

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A. The liability of Tempina under this Agreement will be manimated if Tembinis Expressed from fulfilling terrappendibilities that earns of this Agreement reson of delays in manaportation, shortages of thei moder materials explicitly emissions, the following the productions, and products to recome beyond the formal for tempina in the Agreement provides for recomentally emissions of the modern products for recomentally emissions and polytoped the product of the product

The past the identified property at any time the Purchaser of Terminix believes ". another past" Healthst (Purchase of Purchaser of Pur

TERMINIX DISCLAMS ANY LIABILITY. AND SHALL NOT SE RESPONSIBLE FOR DIRECT, INDIRECT, SPECIAL, INCIDENTAL CONSEQUENTLY AND/OR LOSS OF QUIET ENDOYMENT DAMAGES. THE OBLIGATION OF TERMINIX TO RE-TREAT AS SPECIFICALLY STATED IN THIS AGREEMED IS GIVEN IN LIEU OF ANY DILER OBLIGATION OR RESPONSIBILITY, EXPRESS OR IMPLIED, INCLUDING ANY REPRESENTATION OF MERCHAN ABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

ABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

7. CHANGE IN LAW. Terminiz performs its services in accordance with the requirements of federal, state and local law. In the event of a change in existing law it partains to the services bearin. Terminic asserves the right to review the annual parameter of requirements. In this partains, in case of ion-parament or default by the Purchaser, Terminian has the right to terminate this Agreement. In accordance, in addition, internet as to highest legal rate allowed will be assessed to and paid by Purchaser for the period of dehippents. (THI) ATTA 2. (DISTORY JANOTTICIA // Purchaser for the period of the parties. If any part of this Plan is field to the invalid of unenforced for any reason, the termining terms and good global part of this Plan is field to the invalid of unenforced for any reason, the termining terms and conditions of this Plan is field to the invalid of unenforced for any reason, the termining terms and conditions of this Plan is field to the invalid of unenforced for any reason, the termining terms and conditions of this Plan is field to the invalid of unenforced for any reason, the termining terms and conditions of this Plan is field to the invalid of unenforced for any reason, the termining terms and conditions.

printing upon the parties. It any part of this Plan is field to the invalid or unenforceable for any reason, the managing serms and communication for the purhaser (including you or district for any conflovers) of Claim Delivers them district out of virtualing to this Agricultum. It any wood descripting them trained to any confloversy of Claim Delivers them district out of the including both in the district of the including property or otherwise to the identified property in any way, whether by without of contacts after the district which it is described by a district or the identified property in any way, whether by without of contacts after the district which is described by a district of the identified property in any way, whether or not good to American Activation Association. The arbitrators shall not a contact on the contact of the arbitrator about the arbitrator shall not a like a files in my and all waivers, televies, districts, the interest of the arbitrator shall not have the power of authority it, hold Terminia becoming the other remains destributed of the property of the wind. The property is the arbitrator of the arbitrator shall not have the power of authority it, hold Terminia becoming the delivery remained problemy for the property of the property of the property of the property is the arbitrator. It is a property of the property is property in the arbitrator. It is a property of the property is property in the property of the property in the property of the property is property in the property of the property in the property is property in the property of the property in the property is property in the property in the property in the property is property in the prop

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2. EXISTING DAMAGE. Termink is not asponsible for the repair of cities reliable durings or hidden damage existing as of the date of this Agreement. Dama discovered into the effective date of this Agreement with no verified life and active infestion present shall be deemed to have been entired bashes that discovered and the effective date of this Agreement with no verified life and active infestion present shall be deemed to have been entired bashes that discovered to include the infestion present shall be deemed to have been entired bashes that the discovered in the infestion of the control of the c CHIMINO AIND CUNDITIONS. of the Banks of the model of the court of the control of the contr a diguida and an an analysis र्वे के कार्य क्षेत्र र का छोत्। वर्ष 10 का सम्बद्ध विदेशन स्थलको भीत्रास्थितः and the control of the first statement of a matter of the control many the second control of the second contro the state of the s The state of the s TENERS prod & nagery of a property of the continuence of the regality of the regality of the continuence of the regality of the regality

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DOWN PARIFICAT

THE TERMINIX INTERNATIONAL COMPANY LP.

Termite Service Plan

THIS CONTRACT PROVIDES FOR RE-TREATMENT OF A STRUCTURE BUT DOES NOT PROVIDE FOR THE REPAIR

This is a service order and copy of the Termite Service Plan: This service order is consingent on appared of the Terminis inmoh manger. The official Termite Service Plan will be in affect when the work is completed and Terminia has been paid in full.

NOTE TO CLISTOMER

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necessary services to the identified property to control (sop.). This plan does not control or protect against form	or thereafter, for the sum of \$, Terminix will provide the protect against subterranean termites (Reticulitermes spp., Heterotermes open termites (Coptatermes spp.).
Terminix will extend service annually to the Purchaser to payable on or before the end of the previous annual period was the right to revise the annual extension charge.	for so long as Purchaser may own the property for S per year d. After the third annual period and each annual period thereafter, Terminix
reinspect the identified property at any time the Putchus OF CONSTRUCTION. THE EXTENT OF EXISTING T APPLICATION RESTRICTIONS, THIS AGREEMEN RESPONSIBLE FOR, PRESENT OR FUTURE DAMA OR COMPENSATION THEREOF.	nd necessary by Terminix will be performed free of charge. Terminix will be requests it or if Terminix believes it necessary. Due to the nature requests it or if Terminix believes it necessary. Due to the nature remitte damage. The degree of termite activity and/or it does not guarantee against, nor shall terminix be age to property or contents. Nor provide for repairs
In the event of additions or alterations to the idamified additional service at the expense of Purchaser. Such add charge.	property. Purchaser must give prior notice and arrange with Terminix for litious or alterations may also require an adjustment to the annual extension
Upon transfer of ownership of the identified property, the	is Plan may be continued upon the terms and conditions on the reverse side.
AND ADDITIONAL DOCUMENTS ATTACHED HE	RETO, INCLUDING THE ARBITRATION AGREEMENT AND THE RSE SIDE AND THE INSPECTION GRAPH DATED
Terminix has provided the Purchaser with a copy of the terminicide(s) which will be used to treat the above-name	e manufacturer's specimen label or other state required documents for the and property.
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STATE OF FLORIDA OFFICE OF THE ATTORNEY GENERAL **INVESTIGATION NUMBER: L01-3-1923**

IN THE MATTER OF: THE TERMINIX INTERNATIONAL COMPANY LIMITED PARTNERSHIP, d/b/a TERMINIX INTERNATIONAL. a/k/a TERMINIX,

ASSURANCE OF VOLUNTARY COMPLIANCE

The STATE OF FLORIDA, DEPARTMENT OF LEGAL AFFAIRS, OFFICE OF THE ATTORNEY GENERAL, (hereinafter "OAG"), pursuant to the provisions of Chapter 501, Part II, Florida Statutes, the Florida Deceptive and Unfair Trade Fractices Act, (hereinafter "FDUTPA"), initiated an investigation into the business practices of The TERMINIX LIMITED PARTNERSHIP, d/b/a TERMINIX INTERNATIONAL COMPANY INTERNATIONAL, a/k/a TERMINIX, (hereinafter "TERMINIX"), a foreign limited Partnetship with its principal place of business at 860 Ridge Lake Blvd., Memphis, TN 38120. Its general partner is TERMINIX INTERNATIONAL, INC., located at the same address.

1. INTRODUCTION

- The scope of this Assurance of Voluntary Compliance (hereinafter "AVC"), is 1.1 limited to business practices involving "fuel surcharges" billed to residents and businesses of the State of Florida ("Florida consumers") by TERMINIX for non-termite pest control services provided during the time period October 1, 2000, through July 31, 2001 ("Matters Investigated"). Florida residential consumers and Florida commercial consumers are referred to collectively herein as "customers".
- 1.2 TERMINIX is prepared to enter into this AVC without an admission that TERMINIX has violated the law and for purposes of resolution of this matter only. The

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OAG by and through the undersigned Deputy Attorney General, accepts this AVC in termination of this investigation, pursuant to Section 501.207(6), Florida Statutes, and by virtue of the authority vested in the OAG by said statute.

- 1.3 It is expressly understood and agreed between the Parties that this Agreement and the payments, obligations and releases provided hereunder, are not and shall not be interpreted to constitute an admission of liability or acknowledgment of the validity of any of the claims which were or which could have been asserted by the Attorney General arising out of the Matters Investigated which alleged liability or validity is hereby expressly denied by TERMINIX. TERMINIX emphatically, specifically and categorically denies any violations of federal, state, county or local laws or regulations and further denies any liability for any alleged violations of the foregoing.
- 1.4 TERMINIX will, upon acceptance of this AVC by the Attorney General, dismiss with prejudice Terminix v. State of Florida. Case Number CIO-01-5523 (Div. 37), pending in the Circuit Court of Orange County, Florida. Except as specifically noted in this agreement, each party will pay its own costs and fees in that action.

2. CONTENTIONS OF OAG

- 2.1 OAG commenced an investigation into the business practices of TERMINIX, pursuant to the provisions of the FDUTPA, for suspected violations of FDUTPA. The investigation was instigated by consumer complaints from Florida residents indicating that TERMINIX had began adding a \$1.00 per month "fuel surcharge" to its customers' statements.
- 2.2 TERMINIX is in the business of providing pest and termite services, nationwide and in the State of Florida.

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- Beginning in September 2000, TERMINIX mailed a letter to its Florida 23 customers, in advance of charging the fuel surcharge, advising that a "fuel surcharge" would be charged in response to rising fuel costs. Specifically, TERMINIX's letter provided as follows: "[e]ffective October 1, 2000, Tenninix will install a modest fitel surcharge of \$1.00 per service. This surcharge is only temporary and will be removed as soon as fuel prices return to a more moderate range. The fuel surcharge will appear on your first regularly scheduled pest control services after September 30."
- TERMINIX began adding a \$1.00 per service "finel surcharge" to customers' 2.4 bills, on or about October 1, 2000, and the "fuel surcharge" ended on July 31, 2001.
- 2.5 Some customers were charged the fuel surcharge while they were pre-paid customers.
 - TERMINIX also billed the "fuel surcharge" to some customers who were within 2.6 contractually guaranteed price periods.
 - OAG alleges that TERMINIX wrongfully increased the service fee for customers 2.7 with prepaid contracts and price guaranteed service contracts by charging an additional \$1.00 per service "fuel surebarge" over a period of ten months. OAG believes the charging of "fluel surcharge" to prepaid and price-guaranteed accounts was an unfair and deceptive trade practice.
 - 2.8 TERMINIX voluntarily is sucd refund checks or credits to customers charged the fuel surcharge who were within contractually guaranteed price periods. Additionally, TERMINIX voluntarily issued credits for fuel surcharges to customers who individually called and expressed a concern about the "fuel surcharge". To the best of the knowledge of Terminix after exercising due diligence, Terminix received payments of fuel surcharge

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from Florida consumers with price protection in the amount of \$139,304, all of which has been refunded or credited except for \$635.00 which is for former customers that Terminix has been unable to locate.

3. TERMINIX CONTENTIONS

- 3.1 TERMINIX does not agree or concede that the claims or allegations that have been or could have been asserted by the Attorneys General have merit. TERMINIX emphatically, specifically and categorically denies that it has violated any federal, state, county or local laws or regulations and denies that any consumer has been harmed as a result of the practices investigated. TERMINIX further denies any liability for any alleged violation of law or regulation. TERMINIX voluntarily provided refunds or credits to customers who arguably were within contractually guaranteed price periods and, from the beginning of its first surcharge program, in many cases provided credits to customers that complained about the fuel surcharge that were not within any contractually guaranteed pricing period.
- 3.2 By entering into this Assurance, TERMINIX does not agree or concede that the claims or allegations which have or could have been asserted by the Parties have merit.
- 3.3 This Assurance is being entered into to benefit TERMINIX'S consumers in the State of Florida and to avoid the expense and length of legal proceedings, taking into account the uncertainty and risk inherent in any litigation.

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COMPLIANCE

- 4.1 IT IS AGREED by the parties that TERMINIX and its representatives, agents, employees, or any other person who acts under, by, through, or on behalf of TERMINIX directly or indirectly, or through any corporate or other device, shall hereby comply with and have knowledge of Chapter 501, Part II, Florida Statutes, the Florida Deceptive and Unfair Trade Practices Act, and refrain from knowingly charging a fuel surcharge to any customer who has a prepaid contract or a contract that expressly precludes a price increase for the time period of the applicable price protection.
- TERMINIX shall be responsible for implementing reasonable changes in its 4.2 records keeping and billing procedures and shall with reasonable diligence initiate reasonable actions or measures directed toward correcting and adjusting its internal records and systems to properly reflect the identity of prepaid and price guaranteed Customers.
- 4.3 It is the intent of the perties that such changes will detect and prevent the charging of prepaid and price guaranteed customers.
- TERMINIX shall be responsible for making the substantive terms and conditions 4.4 of this AVC, including the obligations in § 4.1, known to its officers, directors, partners, successors, managers and employees who are responsible for implementing the obligations set forth in this AVC.
- 4.5 This AVC shall apply to and bind TERMINIX and its respective successors and assigns. TERMINIX shall not effect any change in its form of doing business or its organizational identity as a method of avoiding the terms and conditions set forth in this AVC.

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4.6 Terminix further stipulates and agrees that for a period of one year from the date of acceptance of this Agreement by the Attorney General, for any customer who was charged a fuel surcharge within a contractually agreed price period [and who was not previously refunded or credited theresofore], Terminix agrees to provide a credit or testund of fuel surcharges collected within the contractually agreed price period. This request may be asserted to either Terminix or the OAG.

4.7 Nothing contained in this Agreement shall be construed as a limitation or restriction upon TERMINIX'S right to change, delete or add contract terms in any manner not prohibited by law.

5. CONTRIBUTION

5.1 TERMINIX shall pay a contribution, for attorney's fees and costs of investigation, pursuant to Section 501.2101, in the sum of Fifty thousand dollars (\$50,000.00).. Said payment shall be made by check, made payable to The Department of Legal Affairs Revolving Trust Fund established under Fla. Stat. §16.53, and sent to Angelia Sheridan, Assistant Attorney General, Office of the Attorney General, Department of Legal Affairs, 135 West Central Blvd., Suite 1000, Orlando, FL 32399-1050. No such portion of such payment shall be considered a civil penalty.

5.2 The Parties agree that the payments made and obligations performed pursuant to this Assurance constitute a complete resolution and settlement between the parties of all issues and matters relating to or the subject of the Matters Investigated. Upon execution of this Assurance, and payment of the sums provided for, this investigation as defined in \$1.1 shall be concluded

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- 5.3 If any clause, provision or section of this Assurance shall, for any reason, be held illegal, invalid or unenforceable, such illegality, invalidity or non-enforceability shall not affect any other clause, provision or section of this Assurance, and this Assurance shall be construed and enforced as if such illegal, invalid or unenforceable clause, section or other provision has not been contained herein.
- 5.4 Entering into or performance of this Assurance, or any negotiations or proceedings related thereto, shall not in any event be deemed to be evidence of an admission or concession by any of the Parties, or to be a waiver of any applicable defense. Nothing in this Assurance will preclude Terminix from raising any legal or equitable defense in a private cause of action brought by a consumer against Terminix.

6. FUTURE VIOLATIONS

6.1 IT IS FURTHER AGREED by the parties that any future violations pursuant to 501.207, Florida Statutes are by statute prima facie evidence of a violation of Fla. Stat. ch. 501, Part II, and may subject TERMINIX to any and all civil penalties and other sanctions provided by law, as well as attorneys' fees and costs, as provided by law.

7. ACCEPTANCE BY ATTORNEY GENERAL

7.1 IT IS FURTHER AGREED by the parties that this AVC shall become effective upon its acceptance by the Attorney General, who may refuse to accept it at his discretion. The receipt or deposit by the OAG of any monies pursuant to this AVC does not constitute acceptance by the Department, and any monies received will be returned if the AVC is not accepted.

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7.2 This Agreement may be executed in several counterparts, each of which together shall constitute an original and all of which together shall constitute one and the same instrument.

7.3 The Assurance shall not be interpreted to prohibit any act or practice required or specifically permitted by federal, state or local law.

8. CHANGES IN LAW AFFECTING BUSINESS PRACTICES

8.1 IT IS FURTHER AGREED by the parties that if the statutes and administrative rules referred to in this agreement change due to amendment, repeal, or disposition by the legislature, an agency, or Court so that they would permit any action prohibited by any section of this agreement, that section shall no longer have any force or effect.

IN WITNESS WHEREOF, The Terminix International Company L.P. has caused this Agreement to be executed by <u>W.B. Mallory, III</u>, as <u>Vice President</u> of Terminix International, Inc., the general partner of The Terminix International Company L.P., as a true act and deed, this <u>9th</u> day of <u>August</u>, 2002.

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BY MY SIGNATURE I beneby affirm that I am acting in my capacity and within my
anthority as vice President of Terminix International, Inc. and that by
my signature, I am binding The Terminix International Company Limited Partnership, d/b/a
Terminix International a/k/a Terminix, to this Agreement.
The Tempinix International Company L.P. By: Tempinix International, Inc. By: Vice President
Print name: W. B. Mallory, III
Title: Vice President
STATE OF THNNESSEE) COUNTY OF
Tennessee, personally appeared (name) W. B. Mallory, III , as
(title) Vice President , of Terminix International, Inc., who did take an eath
and acknowledged before me that she/he executed the foregoing instrument for the purposes
therein stated, on this 9th day of August , 2002.
(print, type or stamp
commissioned name of Notary) NOTARY PUBLIC
Wotery Public (signature)
Personally Known X or
Produced Identification
Type of Identification Produced:

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FOR THE OFFICE OF THE ATTORNEY GENERAL

dated: 08/13 /02

Angelia Sheridan;

Assistant Attorney General

ACCEPTED this 2014 day of AUGUST , 2002

OFFICE OF THE ATTORNEY GENERAL DEPARTMENT OF LEGAL AFFAIRS

The Capitol, PL-01

Tallahassee, Aloxida 30399-1050

By.

RICHARD DORAN,

Deputy Attorney General

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PLAINTIFF'S FIRST AMENDED COMPLAINT

EXHIBIT 3

COMMONWEALTH OF KENTUCKY
FRANKLIN CIRCUIT COURT
CIVIL ACTION NO. ______
DIVISION NO. _____

94-CT 00745

COMMONWEALTH OF KENTUCKY, ex rel., CHRIS GORMAN, ATTORNEY GENERAL

PLAINTIFF

ν.

CONSENT JUDGMENT

TERMINIX INTERNATIONAL CORPORATION A Delaware Corporation

and

TSSGP Limited Partnership,

In a Limited Partnership, d/b/a TERMINIX INTERNATIONAL COMPANY L.P.

FILED MAY 1 9 1994

FRANKLIN CIRCUIT COURT CLERK

Comes the Plaintiff, the Commonwealth of
Kentucky, ex rel. Chris Gorman, Attorney General, and the
Defendants, Terminix International Corporation and TSSGP
Limited Partnership, d/b/a Terminix International Company L.P.
(hereinafter collectively referred to as "Terminix" or
"Defendants"), and enter into this Consent Judgment.

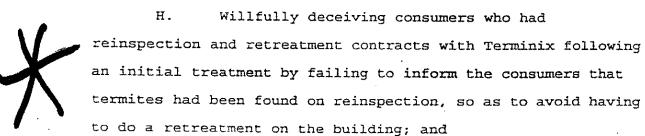
The parties being in agreement and the Court being otherwise sufficiently advised, it is hereby ORDERED AND ADJUDGED that a consent judgment be entered between the Defendants, Terminix International Corporation and TSSGP Limited Partnership, d/b/a Terminix International Company L.P., in favor of the Commonwealth of Kentucky, ex rel. Chris Gorman, Attorney General.

WHEREAS, Plaintiff has filed a Complaint in this action alleging that the Defendants, in conducting their structural pest control business, have, but not always, willfully engaged in unfair, false, misleading or deceptive acts or practices in violation of law, including, but not limited to, KRS 367.170 because they have, through their agents, employees, and others acting on their behalf:

- A. Willfully failed to treat buildings for termite infestation according to state minimum treatment standards by not drilling treatment holes and not administering adequate quantities of termiticide in appropriate locations within the structure, and at proper spacing intervals;
- B. Willfully failed to apply any termiticide, or adequate quantities of termiticide as required by law;
- C. Willfully failed to penetrate completely through material barriers such as walls or floors by drilling, and then filling in the incomplete hole with cement or sealing material to give the appearance of a treatment, when it would be impossible to apply any termiticide through such a false hole, and no termiticide was in fact applied;
- D. Willfully not drilling during termiticide applications even a partial, non-penetrating hole, but instead simply making the appearance of a filled in drill hole by making a circular smear of cement or sealer on the surface;
- E. Willfully diluting the termiticide mixture actually applied to the consumer's property to a level of

concentration below that which is required by applicable law. resulting in an inadequate or ineffective treatment;

- Willfully deceiving consumers on termite pre-treatment of building sites by merely posting a notice that the job had been performed, when in fact nothing had been done at that site aside from hanging up the sign.
- Willfully charging consumers for procedures listed on the contract, including, but not limited to "trenching", when in fact the procedure has not been done, or, if conditions make the listed procedure impossible or inadvisable, an effective alternative procedure was also not done:



Willfully refusing to pay to consumers termite damage claims under the Defendants' contractual guarantee by denying that damage was caused by termites, when in fact the Defendants knew or reasonably should have known that it was caused by termites and covered by Defendants' contract.

In agreeing to enter into this consent judgment, the Defendants emphatically, specifically, and categorically deny each and every allegation made by the Attorney General in the complaint. Further, the Defendants admit to no liability,

directly or indirectly, for any damages which may have resulted from the alleged actions of its agents, employees, or others acting on their behalf. For the purposes of this agreement, the term "consumer" shall be construed to include any person, association, partnership, corporation, or other entity, whose property is used for any purposes, personal, commercial, or

NOW THEREFORE, WITHOUT ANY ADMISSION OF LIABILITY OR FACT BY THE DEFENDANTS, AND WITH THE CONSENT OF THE PARTIES, IT IS ORDERED AND ADJUDGED:

governmental.

- 1. Pursuant to KRS 367.190, the Defendants and any successors in interest, their agents, employees, and others acting on their behalf, are permanently enjoined and restrained from engaging in any unfair, false, misleading, or deceptive acts or practices which constitute violations of the Consumer Protection Act, KRS 367.170, which shall include, but not be limited to:
- A. Failing to treat buildings for termite infestation according to state minimum treatment standards by not drilling treatment holes and not applying adequate quantities of termiticide in appropriate locations within the structure, and at proper spacing intervals;
- B. Failing to apply any termiticide, or failing to apply adequate quantities of termiticide throughout the structure as required by law;

that damage was caused by termites, when in fact the Defendants knew or reasonably should have known that it was caused by termites and covered by Defendant's contract:

- 2. Pursuant to KRS 367.190, the Defendants, and any successors in interest, their agents, employees, and others acting on their behalf, are permanently enjoined from making any falsification of information in any report, document, or statement required to be made by the Defendants pursuant to this Consent Judgment.
- inspect all buildings treated or retreated for termites under contract with Terminix during the five year period preceding the date of this Consent Judgment, to determine whether or not there is evidence of the deceptive practices described in paragraph 1 above, and whether or not there is termite damage resulting from such practices. Provided, however, the Attorney General shall, at his discretion, restrict the time span or areas inspected. Such inspections shall commence within forty five (45) days following the entry of this Consent Judgment. The program shall be structured by Terminix so as to have a reasonable probability of completion within three years of the entry of the Consent Judgment.

Within fifteen (15) days of the entry of this Consent Judgment, Terminix shall provide to the Attorney General a list of all active termite control consumers serviced by Terminix within the preceding five year period who have received an

initial treatment or retreatment. Within sixty (60) days of the entry of this Consent Judgment, Terminix shall provide to the Attorney General a list of all other termite control consumers to be covered under this Consent Judgment. The Attorney General shall draft a letter after consultation with Terminix, explaining this Consent Judgment to the consumers, which will be mailed to all consumers on the above mentioned lists at Terminix' expense.

At the time of the initial contact with the consumer by Terminix to arrange an inspection pursuant to this Consent Judgment, Terminix shall advise the consumer of the reason for contacting the consumer by utilizing a prepared statement drafted by the Attorney General after consultation with the Defendants. Representatives of the Attorney General shall have the opportunity to observe the inspections described in this paragraph. However, it shall be the responsibility of the Attorney General to make the arrangements to attend so that it does not interfere with the inspection schedule.

The Defendants' agents, employees, and others acting on their behalf, shall not solicit new business for the Defendants from the consumer while engaged in any inspections or treatments pursuant to this Consent Judgment. In the event the consumer initiates an inquiry about other services, the employees may refer the consumer to the branch office.

The reasonable inspection shall include a determination of compliance with state minimum standards as well as a random

testing of ten percent (10%) of the drill holes to determine whether the holes penetrate the floor or the wall barrier where feasible. A new graph of the building shall be prepared from a photo copy of the original graph, or an entirely new graph, if needed, pursuant to the inspection with the reopened holes clearly indicated on the graph. At the conclusion of the inspection, the property shall be returned to its original condition as close as possible and all drill holes shall be resealed at Terminix's expense. Terminix shall provide to the Attorney General copies of all reports of buildings inspected for that month, setting forth (i) findings on the adequacy of the previous treatments, (ii) whether any termite damage was discovered, and (iii) any remedial actions taken. The consumer shall be provided a copy of the report made on their individual building. The report form shall be prepared by Terminix subject to approval by the Attorney General and shall contain an acknowledgement from the consumer that they have received a copy of said report.

- A. Proof of the unlawful practices under this paragraph 3 shall include, but not be limited to, physical evidence, Terminix's treatment records, and the testimony of current and/or former Terminix employees who can, upon personal knowledge, identify buildings as being treated with improperly diluted or inadequate quantities of termiticide.
- B. In cases where there is evidence of the deceptive practices set forth in paragraph 1, the consumer may, at their

option, either (i) accept a retreatment of their building with an extension of their contractual guarantee for two years without charge with the continued option to renew said contractual guarantee annually upon payment of the contractual renewal fee pursuant to their contract, or (ii) accept a refund and a rescission of their contract. The acceptance by the consumer of the rescission option will not relieve Terminix of its obligations to make restitution for all damages suffered as a consequence of the deceptive practices as defined in paragraph 3.D. No retreatment will be performed if the recission option is exercised.

- C. In cases of pretreatment sites where there is evidence of the deceptive practices set forth in paragraph 1, the contracting consumer shall have the cost of the pretreatment refunded.
- D. With all buildings covered by a "repair and retreat" contract which is still active, if termite damage which occurred subsequent to the date of the execution of the contract is discovered by the inspection, Terminix shall make an offer of repair or compensation as outlined in paragraph 3.5 below. With buildings which were covered under a retreat only contract or under a "repair and retreat" contract which has been cancelled, Terminix shall be liable for termite damage as set forth in paragraph 3.5., if (i) there is evidence of the deceptive practices outlined in paragraph 1 above, and (ii) there is evidence of live termites found in the damaged area

during the inspection, and (iii) the damaged area corresponds and is related to the deceptive practices mentioned herein. Terminix shall be liable for termite damage as set forth in paragraph 3.E., if (i) there is evidence of deceptive practices outlined in paragraph 1 in the initial treatment, and (ii) a retreatment was subsequently performed, and (iii) there is termite damage in the area where the retreatment was performed, even if there is no evidence of live termites found in that area during the inspection, and (iv) the damaged area corresponds and is related to the deceptive practices mentioned herein. Terminix has no liability for any damage in a building covered by a retreatment only contract if there is no evidence of the deceptive practices outlined in paragraph 1.

Terminix shall not be responsible for inspecting and retreating buildings pursuant to this paragraph 3.D if the contract covering said building has been cancelled and the original party to this contract, or any assignee of the contract, no longer is the owner of said building.

Terminix shall not be responsible for inspecting any building where there is ongoing litigation between Terminix and the owner of said building which concern the issues addressed by this Consent Judgment.

This inspection program shall not include buildings treated by predecessor pest control companies which were subsequently acquired by Terminix during this period.

- E. Terminix shall pay all reasonable costs of repairing all termite damage to any building resulting from any of the deceptive practices outlined in paragraph 1 above with liability as set forth in paragraph 3.D. Reasonable cost shall include any incidental and consequential expenses including, but not limited to, reasonable relocation expenses while damage is being repaired if necessary. Defendants shall have the option when paying claims under this paragraph 3.E. to either:

 (i) repair or replace the property damage to the consumer's building, or (ii) pay to the consumer the reasonable cost of repairs or the fair market value of the damaged property.
- 4. Terminix shall make an offer when required pursuant to this judgment to the consumer within thirty (30) days of the issuance of their inspection report. The inspection report must be tendered within thirty (30) days of Terminix's inspection.

Upon receipt of the offer from Terminix, the consumer shall have thirty (30) days to affirmatively accept the offer. A form provided with the offer shall contain a full release of all claims which could be made against Terminix under this Consent Judgment.

To accept the offer, the consumer must return the completed acceptance form and the executed release form to Terminix by hand delivery or by U.S. Mail, postmarked not later than midnight of the last day of the acceptance period. Terminix will forward a copy of the acceptance and release to

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the Attorney General. If the consumer does not accept the offer, the consumer may request arbitration under the terms of this Consent Judgment. A request for arbitration as permitted under this Consent Judgment must be made within the thirty (30) day period for acceptance of the offer upon a form provided by the Attorney General. To request arbitration, the consumer must return the completed arbitration request form to the Attorney General by hand delivery or by U.S. Mail, postmarked not later than midnight of the last day of the acceptance period. The Attorney General shall forward a copy of the arbitration request to the Terminix. However, an additional fifteen (15) days to consider the offer will be given to the consumer if it is requested in writing prior to the expiration of the thirty (30) day period.

If the consumer fails to accept the offer or to request arbitration within the foregoing time period, Terminix's offer is considered withdrawn and void and the consumer will be deemed to have elected not to participate in resolving any dispute the consumer has with Terminix under this Consent Judgment. This will not preclude the consumer who does not participate in resolving any claim under this Consent Judgment from pursuing any other remedy available to them under a private right of action.

The consumer may request arbitration by executing a form provided by the Attorney General. If the consumer requests arbitration, the consumer is bound under the terms of the

Consent Judgment, and the arbitration shall be their sole and exclusive remedy. The arbitrator's decision shall be final and binding on the consumer and Terminix.

Within thirty (30) days of entry of this Consent
Judgment, Plaintiff shall request that the American Arbitration
Association (AAA) appoint an Arbitrator to hear all requests
for arbitration as defined herein. The Arbitration shall be
conducted in accordance with the Commercial Arbitration Rules
of the American Arbitration Association. All reasonable costs,
expenses, and fees of any Arbitration demanded under this
Consent Judgment shall be paid by Defendants, unless the
Arbitrator determines that the demand for arbitration was
clearly frivolous. In such case the Arbitrator may assess
costs, expenses, and fees against the consumer. The Arbitrator
shall hear and decide all matters subject to Arbitration
hereunder and shall issue a written decision within a
reasonable time pursuant to the AAA guidelines. The decision
of the Arbitrator shall be final, binding and non-appealable.

5. The Defendants shall (i) pay the sum of seven hundred fifty thousand dollars (\$750,000) into an escrow or trust fund; or (ii) post a letter of credit for seven hundred fifty thousand dollars (\$750,000), or (iii) provide some other form of funding acceptable to the Attorney General which shall be referred to as the "Fund". The Fund shall be administered by the Attorney General for the payment of claims and expenses in the manner set forth in this paragraph. The Defendants

shall replenish the Fund with additional payments as necessary to maintain a Fund balance of seven hundred fifty thousand dollars (\$750,000), when and if the Fund is reduced to a balance of one hundred thousand (\$100,000). If Terminix wrongfully refuses to pay such costs pursuant to its obligations under this Consent Judgment, the Attorney General may, in his discretion, use the Fund to pay the following:

- A. Reasonable costs of the Third Party Inspection Program, set forth in paragraph 6;
- B. Offers of settlement involving the payment of funds made by Terminix, and accepted by the consumer, which are not paid within thirty (30) days of the written acceptance by the consumer of the settlement offer; and
- C. Arbitration awards to the consumer which are unpaid by Terminix within thirty (30) days of the award being served upon the parties.
- 6. Terminix shall pay all reasonable costs, including but not limited to salaries and reasonable employee benefits, of the Inspection Program to be conducted by third party inspectors. The inspectors will operate under the direction and control of the Attorney General. The qualifications of the position, and the salary of the Inspectors will be at the discretion of the Attorney General, after consulting with the Defendants. The Inspectors will serve at the pleasure of the Attorney General. The number of third party inspectors will be initially established at three

which may be increased to five at the discretion of the Attorney General. Subsequently the number may be increased or decreased after review upon petition to the Court for good cause shown by either party, or mutual agreement. The costs of the Inspection Program may include, but not be limited to, the cost of reopening and resealing drill holes, other repairs incident to the operation, and all other reasonably necessary expenses involved in performing an adequate inspection.

The projected costs of the inspection program shall be paid by Terminix to the Attorney General's designee monthly. The payment shall be made within ten days of receipt of the notice of projected costs from the Attorney General.

The third party inspectors shall not inspect any work done by Terminix pursuant to termite service contracts (including, but not limited to, reinspection or renewal agreements) entered into by consumers with Terminix subsequent to the date of this Consent Judgment.

The third party inspectors shall: (i) inspect all buildings where Terminix's offer to settle is rejected and arbitration is requested by the consumer; (ii) inspect randomly selected buildings taken from the monthly report filed by Terminix, (iii) inspect any other buildings to the extent the Attorney General believes it is necessary to insure compliance under this Consent Judgment, and (iv) inspect any building at the written request of a consumer. Representatives of Terminix shall have the opportunity to observe the inspections described

in this paragraph. However, it shall be the responsibility of Terminix to make the arrangements to attend so that it does not interfere with the inspector's schedule. It is understood that this Consent Judgment will not require the inspection of all buildings by the third party inspector in all areas treated or retreated within the five years preceding the date of this Consent Judgment.

The third party Inspectors shall provide a written report (the "Report") to the consumer, the Attorney General, and to Defendants within a reasonable period of time after conducting an inspection. The Report shall document the Inspector's observations, information received, and conclusions whether there is evidence of deceptive practices described in paragraph 1 above, and whether or not there is termite damage resulting from such practices. Upon receipt of the Report, Defendants shall have thirty (30) days to evaluate the Report and conditions described therein, and conduct any re-inspection, and comment on the conditions described. Subsequent thereto, Terminix may present a revised offer to the consumer to settle the claim. The consumer shall have thirty (30) days to consider the revised offer from the date of receipt, and may request an extension of time as allowed with the initial offer. The consumer shall have the same options with regards to acceptance or rejection of the revised offer that he had with the original offer, pursuant to Paragraph 4.

(i

Prior to the conclusion of the Inspection Program, the third party inspectors may return to any previously inspected building and perform a reinspection if the Attorney General, upon reasonable cause, so directs. The Inspection Program and Terminix' obligations under this Consent Judgment shall terminate (including any expenses associated therewith) when the first of the following occurs: (i) all buildings covered under this paragraph have been inspected by Terminix and all buildings to be inspected under the Inspection Program have been inspected; (ii) further inspections are not reasonably feasible, or (iii) the third anniversary of entry of this Consent Judgment. However, the program may be extended by petition to the Court by either party for good cause shown. No inspections or reinspections will be paid for by Terminix or the Fund after the Inspection Program's termination. termination of Terminix' obligations under this Consent Judgment, Plaintiff shall release the Fund to Terminix.

- 7. If it is discovered that Terminix has violated the Permanent Injunction in paragraph 1 above, in addition to the penalties imposed by KRS 367.990(1), the Attorney General may petition this Court to revoke or suspend Terminix' right to operate part or all of its structural pest control business in the Commonwealth of Kentucky, pursuant to KRS 367.200.
- 8. Within thirty (30) days of entry of this Consent Judgment, pursuant to KRS 367.990(2), the Defendants shall pay a civil penalty in the amount of two hundred thousand dollars (\$200,000) payable to the Kentucky State Treasurer.

- 9. In consideration of Terminix' agreement to the terms of this Consent Judgment, Plaintiff releases and discharges the Defendants for all violations of KRS 367.170 for matters raised or which could have been raised in the Complaint or any KRS 367.170 matters which are discovered during the Inspection Program.
- 10. This Consent Judgment was negotiated in good faith by Plaintiff and Defendants. The parties agree that the entry of this Consent Judgment represents a fair, reasonable and equitable settlement of this matter.
- 11. Either party may petition the court for modification of the Inspection Program only for good cause shown, or by mutual agreement.
- 12. Plaintiff and Defendant agree to cooperate to the fullest extent possible in the implementation of this Consent Judgment.

Dated this _____ day of

1994.

Judge, Franklin Circuit Court

TO BE ENTERED:

Chris Gorman Attorney General

P.O. Box 2000

Frankfort, KY 40602-2000

(502) 564-7600

()

Michael S. Schwendeman Assistant Attorney General Consumer Protection Division Office of the Attorney General 1024 Capital Center Drive P. O. Box 2000 Frankfort, KY 40602-2000 (502) 573-2200

Harold J. Turner Assistant Attorney General Consumer Protection Division Office of the Attorney General 1024 Capital Center Drive P. O. Box 2000 Frankfort, KY 40602-2000

(502) 573-2200

Robert V! Bullock Assistant Attorney General Consumer Protection Division Office of the Attorney General 1024 Capital Center Drive P. O. Box 2000 Frankfort, KY 40602-2000 (502) 573-2200

Sam E. Isaacs, II, Counsel for Defendants Isaacs & Reid Suite 500 First National Building Lexington, KY 40507-1341 (606) 253-0557

John McFadden Vice President Terminix International, Inc. 855 Ridge Lake Boulevard Memphis, TN 38120

COMMONWEALTH OF KENTUCKY FRANKLIN CIRCUIT COURT CIVIL ACTION NO. DIVISION NO.

COMMONWEALTH OF KENTUCKY, ex rel., CHRIS GORMAN, ATTORNEY GENERAL

PLAINTIFF

ν.

COMPLAINT

TERMINIX INTERNATIONAL CORPORATION A Delaware Corporation

DEFENDANTS

and

TSSGP Limited Partnership,

In a Limited Partnership, d/b/a TERMINIX INTERNATIONAL COMPANY L.P. Serve: C.T. Corp. System Ky. Home Life Bldg., Rm. 1511 Louisville, KY 40202

DEFENDANT

I. PARTIES, JURISDICTION, AND VENUE

- Attorney General of the Commonwealth of Kentucky. He is authorized by KRS 367.190 to bring this action in the name of the Commonwealth of Kentucky, and has determined it to be in the public interest. KRS 367.190 provides that the Attorney General may seek an injunction and other relief when he has reason to believe that a person is using, has used, or is about to use any unfair, false, misleading or deceptive act or practice in the conduct of any trade or commerce.
- 2. Defendant Terminix International Corp. is a Delaware corporation. It is in partnership with Defendant

TSSGP Limited Partnership. Both Defendants are registered as the partners doing business in Kentucky as Terminix
International Company, L. P. (Terminix), a Delaware limited partnership. Terminix has been, and is still doing business in Daviess, Fayette, Jefferson, McLean, and other counties in Kentucky. Terminix operates branch offices throughout the state, performing pest control services, including the treatment of structures for termite infestation.

3. Inasmuch as all parties have agreed to this action being filed in Franklin Circuit Court, venue is proper pursuant to KRS 367.190(1).

II. NATURE OF DEFENDANT'S UNFAIR, FALSE, MISLEADING OR DECEPTIVE BUSINESS PRACTICES

- 4. The Defendants, through their agents, employees, and others acting on their behalf, have engaged in the following practices which are unfair, false, misleading, and/or deceptive within the meaning of the Kentucky Consumer Protection Act, KRS 367.170:
- A. Willfully failing to treat buildings for termite infestation according to state minimum treatment standards by not drilling treatment holes and administering adequate quantities of termiticide in appropriate locations within the structure, and at proper spacing intervals;
- B. Willfully failing to apply any termiticide, or adequate quantities of termiticide as required by law;
- C. Willfully failing to penetrate completely through material barriers such as walls or floors by drilling, and then

filling in the incomplete hole with cement or sealing material to give the appearance of a treatment, when it would be impossible to apply any termiticide through such a false hole, and no termiticide was in fact applied;

- D. Willfully not drilling even a partial, non-penetrating hole, but instead simply making the appearance of a filled in drill hole by making a circular smear of cement or sealer on the surface;
- E. Willfully diluting the termiticide mixture actually applied to the consumer's property to a level of concentration below that which is required by applicable law, resulting in an inadequate or ineffective treatment;
- F. Willfully deceiving consumers on termite pre-treatment of building sites by merely posting a notice that the job had been performed, when in fact nothing had been done at that site aside from posting the sign;
- G. Willfully deceiving consumers by charging them for procedures listed on the contract, including, but not limited to "trenching" when in fact the procedure was not done, or if conditions made the listed procedure impossible or inadvisable, an effective alternative procedure was also not done;
- H. Willfully deceiving consumers who had reinspection and retreatment contracts with the Defendants following an initial treatment by failing to inform them that termites had been found on reinspection, so as to avoid having to do a retreatment on the building;

- I. Willfully engaging in unfair and deceptive practices by refusing to pay termite damage claims under the Defendants' guarantee by denying that damage was caused by termites, when in fact the Defendants knew or reasonably should have known that it was caused by termites.
- 5. The upper levels of management of Terminix had sufficient information from which they knew, or reasonably should have known, that their employees were engaging in unfair, false, misleading, and/or deceptive practices in the Commonwealth of Kentucky, and the Defendants did not stop the abuses. The failure of the Defendants' management was the result of deliberate approval of the practices of its employees, or, alternatively, willful blindness to the misconduct of its employees, or, alternatively, gross negligence in failing to properly train and supervise its employees.

III. VIOLATIONS OF THE CONSUMER PROTECTION ACT

- 6. The acts set forth in paragraphs 4 and 5 are unfair, false, misleading, and/or deceptive, and are therefore unlawful pursuant to KRS 367.170.
- 7. The Defendants' unlawful acts and practices have been committed willfully, since they knew or should have known that such acts and practices are unfair, false, misleading, and/or deceptive.
- 8. The Defendants' unlawful acts and practices in Daviess and other counties in Kentucky are ongoing and continue to cause harm to Kentucky consumers.

WHEREFORE, Plaintiff respectfully requests that the Court grant the following relief:

- (A) A permanent injunction enjoining the Defendants, their employees, agents, and others acting on their behalf, from directly or indirectly engaging in the following unfair, false, misleading and/or deceptive practices:
- (1). Failure to treat buildings for termite infestation according to state minimum treatment standards by not drilling treatment holes and not administering adequate quantities of termiticide in appropriate locations within the structure, and at proper spacing intervals;
- (2). Failure to apply any termiticide, or adequate quantities of termiticide of termiticide throughout the structure as required by law;
- (3). Failure to penetrate completely through material barriers such as walls or floors by drilling, and then filling in the incomplete hole with cement or sealing material to give the appearance of a treatment;
- (4). Creating the appearance of a filled in drill hole by making a circular smear of cement or sealer on the surface when no hole was drilled;
- (5). Diluting the termiticide mixture actually applied to the consumer's property to a level of concentration below that which is required by applicable law, resulting in an inadequate or ineffective treatment;

- (6). On termite pre-treatment of building sites merely posting a notice that the job had been performed, or taking other such action indicating that a pre-treatment has been performed, when in fact the site was not pre-treated, or not adequately pre-treated;
- (7). Defrauding of consumers by charging consumers for procedures listed on the contract, including, but not limited to "trenching", when in fact the procedure has not been done, or, if conditions make the listed procedure impossible or inadvisable, an effective alternative procedure was also not done;
- (8). Failing to inform consumers with reinspection and retreatment contracts that termites had been found on reinspection:
- (9). Refusing to pay to consumers termite damage claims under the Defendants' contractual guarantee by denying that damage was caused by termites, when in fact the Defendants knew or reasonably should have known that it was caused by termites and covered by Defendants' contract.
- (B) Pursuant to KRS 367.200, the Defendants' license to operate in the Commonwealth of Kentucky as a commercial pest control company be revoked.
- (C) Pursuant to KRS 367.200, the Defendant be required to make restitution to victimized consumers for all funds paid for fraudulent treatments.

- (D) Pursuant to KRS 367.200, the Defendants be required to make restitution to victimized consumers for all consequential damages sustained by the consumers as a result of the Defendants' unfair, false, misleading, and/or deceptive practices. This shall include, but not be limited to, the costs of repairing all damage sustained from termite activity as a result of the Defendants' misconduct.
- Pursuant to KRS 367.990(2), an assessment of a civil penalty against the Defendants in the amount of \$2,000.00 for each separate violation of KRS 367.170 found to be willful.
- (F) Reasonable costs incurred by the Office of the Attorney General in the investigation and prosecution of this action, including attorney's fees.
- All other appropriate relief to which the Plaintiff may appear entitled.

Respectfully submitted,

CHRIS GORMAN

ATTORNEY GENERAL

1024 Capital Center Drive

P. O. Box 2000

Frankfort, KY 40602-2000

Michael S. Schwendeman

Assistant Attorney General Consumer Protection Division

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Robert V. Bullock

Assistant Attorney General Consumer Protection Division 1024 Capital Center Drive

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Frankfort, KY 40602-2000

(502) 573-2200

PLAINTIFF'S FIRST AMENDED COMPLAINT

EXHIBIT 4



State of Alabama Department of Agriculture and Industries



Richard Beard Building • 1445 Federal Drive • Montgomery, Alabama 36107-1100 Mailing Address: Post Office Box 3336 • Montgomery, Alabama 36109-0336

John B. Henderson

Jack Thompson

Plant Protection/Pesticide Mgnt.
Room 210
Tel. No. (334)240-7239
Fex. No. (334)240-7168

David L. Meyers
The Terminix International Co. L.P.
104 Hilltop Business Dr.
Pelham, AL 35124



CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TORREST COMMUNICATION

The Terminix International Co., L.P. was charged by the Plant Protection and Pesticide Management Division with the following violations of laws and regulations which govern structural pest control companies as follows:

- 1. Failure to keep and maintain adequate records.
- 2. Failure to perform annual inspections on properties under subterranean termite contract for the year of 1995 and January, February and March of 1996.

Prior to a hearing being scheduled on this matter, a settlement was reached between the parties as follows:

 The Terminix International Co., L. P. will inspect all properties which were treated for subterranean termites by the firm in 1995 and January, February and March of 1996.

Said inspections will be completed within 90 days of the date of this letter.

2. The Terminix International Co., L.P. will provide a monthly progress report on all inspections performed. This progress report will include name address, telephone numbers (home/business) and signature of property owner acknowledging that inspection of their property was performed by the firm.

Terminix Bloch 000215

Page 2

- The Terminix International Co., L.P. agrees to pay a civil penalty in the amount of \$1,200.00, which shall be paid within 30 days of the date of this Order.
- The Terminix International Co., L.P. is hereby ordered to perform annual inspections of all properties under subterranean termite contract with said company.

It would appear to be in everyone's best interest to approve this Therefore, it is hereby Ordered that The Terminix International Co., L.P comply with those provisions set out in paragraphs one through four above within the time specified above.

The failure of The Terminix International Co., L. P. to comply with these requirements within the time specified will cause the Order to be null and void and a formal hearing in this matter will be immediately convened.

Done and Ordered this 22 day of April

Jáck Thompson, Commissioner Department of Agriculture and Industries

JAB/RJR/sb

cc: File

Terminix Bloch 000216

PLAINTIFF'S FIRST AMENDED COMPLAINT

EXHIBIT 5

		Page 1
1	CIRCUIT COURT OF CO	NWAY COUNTY, ARKANSAS
2		
	WILLIAM DICKENS and GAIL)
3	DICKENS,)
	ma 1.1166)
4	Plaintiffs,	,
5	vs.) CASE NO. CV 2004-157
	•••) DIV 1
6	THE TERMINIX INTERNATIONAL)
	COMPANY LIMITED)
7	PARTNERSHIP, TERMINIX)
	INTERNATIONAL, INC.,)
8	TERMINIX OF MORRILTON,)
	TERMINIX OF RUSSELLVILLE,)
9	TERMINIX OF CONWAY, IMBODEN)
	CARPET & INTERIORS,)
10)
	Defendants.)
11		
12	*******	
13	ORAL AND VIDEOTAP	
	ORAL AND VIDEOTAP	ED DEPOSITION OF
14	GERALD	NODI TNI
15	GERALD	14.012.11.14
1 10	February	13. 2008
16	************	
17		
18		
19	ORAL AND VIDEO	TAPED DEPOSITION of GERALD
20	NOBLIN, produced as a witnes	
21	Plaintiffs, and duly sworn,	
22	above-styled and numbered ca	
23	from 11:16 a.m. to 4:07 p.m.	
24	CSR in and for the State of	
25	shorthand, at the offices of	

2100 3rd Avenue North, Suite 960*Birmingham, Al 35203* 1-800-888-DEPO

	Page 16
1	A. Not that I recall.
2	Q. Did you have authority on your own in that
3	position to settle claims on behalf of the company?
4	A. Yes.
5	Q. Okay. So you could call somebody and and
6	cause a check to be issued in that position?
7	A. Correct.
8	Q. Okay. And in that position as auto and
9	general liability claim manager, did you also handle
10	claims that Terminix was asserting against others?
11	A. No.
12	Q. Okay. Was that handled by some other person
13	within risk management at the company or some other
14	organization within the company?
15	A. It would have been some other organization.
16	Would not involve risk management.
17	Q. So in in the risk management department
18	that you worked in in I believe four different
19	capacities that you've described in your deposition
20	testimony, were all of those jobs jobs where it
21	involved claims that people were asserting against a
22	ServiceMaster company rather than claims that
23	ServiceMaster might also be asserting against others?
24	A. Yes.
25	Q. Whose risk were they managing?

	Page 17
1	A. Service Master's.
2	Q. And, as a general philosophy, explain to us
3	what a risk management office does overall to try to
4	manage the risk of the organization they're
5	representing.
6	MR. CREAGH: Object to form. You can
7	answer.
8	A. Okay. A a risk management organization is
9	certainly concerned about about the losses that the
10	company is responsible for and and owes, whether
11	whether it be an auto liability claim, a general
12	liability claim or a workers' compensation claim.
13	Also the risk management department
14	managed the safety aspect for the for the enterprise
15	to to make sure that the employees were safe while
16	they were on their job. And also risk management was
17	responsible for purchasing the insurance and managing
18	the insurance program that was used by the enterprise.
19	Q. And did it also perform that function that
20	you've just generally described when you were involved
21	as a termite claim manager?
22	A. I'm not sure I understand your question.
23	Q. Did did did the overall purpose for the
24	risk management organization differ from what you
25	described in any material way when you were involved in

	Page 18
1	handling termite claims?
2	A. No. If I understand your question correctly.
3	Q. That reminds me, in your deposition today I
4	know you've given a number of others, six or seven.
5	But if I don't ask a question if you don't
6	understand a question that I ask, ask me to rephrase
7	it, and I'll do that.
8	A. Okay.
9	Q. If you don't hear, it ask me to repeat it, and
10	I'll repeat it.
11	A. Sure.
12	Q. If you give us an answer to the question, I'm
13	going to assume that you understood it.
14	You heard it and you
15	A. I understand.
16	Q intended to give the answer under oath that
17	you gave.
18	Also, one thing that would help the court
19	reporter a lot is we need to have a good transcript
20	where it goes question/answer question/answer and where
21	the answers are clear. I can't guarantee the questions
22	will be clear but so try to make sure that I
23	finished asking the question before you give an answer.
24	And when you do, give something that's clearly
25	affirmative like "yes," "no," "correct," "incorrect"

	Page 39
1	interesting. You said you had authority to pay for the
2	damage that was discovered in the Dickens house.
3	A. Correct.
4	Q. Who who gave you that authority?
5	A. ServiceMaster.
6	Q. Who at ServiceMaster?
7	A. I it was just part of the corporate
8	corporate commitment that is is extended to
9	different levels within the company.
10	Q. What was well when you were the termite
11	damage claims manager, were you working for Terminix
12	International Limited Partnership?
13	A. I worked for ServiceMaster Consumer Services.
14	Q. ServiceMaster Consumer Services, is that a
15	limited partnership or corporation?
16	Or what what was their legal form?
17	A. I don't know what their legal form was.
18	Q. Well if if a termite contract was was
19	owned by Terminix International Limited Partnership
20	A. Yes.
21	Q why would ServiceMaster Consumer Services
22	be spending money to pay the obligations of Terminix
23	International, LP?
24	A. At that time Terminix, which it still is, is a
25	business unit of ServiceMaster. And the termite damage

	Page 40
1	claims resided inside the risk management department
2	for ServiceMaster. And there was only one risk
3	management organization for the enterprise at that
4	time.
5	Q. So the the there wasn't a distinguished
6	there wasn't anything done to distinguish between
7	separate legal entities for Terminix versus
8	ServiceMaster versus Merry Maid versus ChemLawn?
9	MR. CREAGH: Object to form.
10	A. Yeah. I'm not sure that I understand what
11	you're asking.
12	Q. (By Mr. Campbell) Was there was there
13	did did you understood understand when you were
14	working for ServiceMaster Consumer Services as termite
15	department risk manager that Terminix International
16	Limited Partnership was a separate legal entity that
17	operated separately?
18	MR. CREAGH: Object to form.
19	A. I can't answer that question. I don't know.
20	Q. (By Mr. Campbell) But, as far as you did your
21	job on a day-to-day basis, ServiceMaster and Terminix
22	were treated as one and the same?
23	MR. CREAGH: Object to form.
24	A. Terminix was a separate business unit of
25	ServiceMaster. And beyond that I don't know how the

·	
	Page 41
1	the other functions operated.
2	Q. (By Mr. Campbell) Okay. What were the
3	well, let me get back to this.
4	Part of Terminix's business, its
5	day-to-day business, was to investigate and pay termite
. 6	damage claims under their termite protection plan
7	guarantees. Correct?
8	A. Correct.
9	Q. Did you have any training as to what the
10	various guarantees that had been issued over the decade
11	by the corporation required the company to do?
12	A. No.
13	Q. Okay. Did you ever study the guarantee that
14	was issued to the Dickens to determine what the company
15	was obligated to provide them in the events of termite
16	damage?
17	A. No.
18	Q. Okay. Did you even know or do you even know
19	till today that the contract that Terminix issued to
20	the Dickens said that it was Terminix's obligation if
21	termite damage occurred to supervise repairs?
22	MR. CREAGH: Object to form, foundation,
23	mischaracterizes the evidence in this case.
24	A. I I don't know what the Dickens contract
25	said. I don't I don't recall seeing it.

	D 101
	Page 181
1	deposition officer at the time said testimony was
2	taken, the following includes counsel for all parties
3	of record:
4	Mr. Thomas Campbell, Attorney for Plaintiffs
5	Mr. David Creagh, Attorney for Defendant Terminix
6	
7	That a copy of this certificate was
8	served on all parties shown herein and filed with the
9	Clerk.
10	
11	I further certify that I am neither
12	counsel for, related to, nor employed by any of the
13	parties or attorneys in the action in which this
14	proceeding was taken, and further that I am not
15	financially or otherwise interested in the outcome of
16	the action.
17	
18	Certified to by me this day of
19	February, 2008.
20	
	April L. Struck, RPR, CSR 7535
21	Expiration Date: 12/31/2008
The state of the s	Merrill Legal Solutions
22	Firm Registration #191
	4144 N. Central Expressway
23	Suite 850
	Dallas, Texas 75204
24	(214) 720-4567
25	

PLAINTIFF'S FIRST AMENDED **COMPLAINT**

EXHIBIT

DECLARATION OF MELVALYN L. MEANS

- 1. My name is Melvalyn Means. I am over the age of nineteen (19). I am competent to make this declaration and make this declaration based on personal knowledge and information.
- I am a paralegal with Campbell Law, A Professional Corporation. I am the paralegal assigned to the above styled matter.
- Attached hereto as Exhibit A is a redacted copy of a ServiceMaster check that was received from Defendant in the Dickens v. Terminix settlement.

THE FOREGOING STATEMENTS ARE TRUE AND CORRECT AND MADE UNDER PENALTY OF PERJURY.

MELVALYN L. MEANS

Exhibit



PLAINTIFF'S FIRST AMENDED **COMPLAINT**

EXHIBIT



Terminix International Memphis, TN 38187

Don't leave your home without protection. Return the attached Invoice before your Termite Contract expires.

Mr. Gerstenecker 7425 Leslie Dr Edwardsville IL 62025-7735

Milional Maria de Maria de la Company de la



Dear Gerstenecker Family:

You've worked hard to make 7425 Leslie a place you can call "home, sweet home." And the colonies of termites who are lurking around your property couldn't be more impressed.

In fact, when you consider their insatiable appetite for wood, drywall and anything else containing cellulose, the term "home, sweet home" takes on a new meaning. That's why we're urging you to act immediately to renew the Termite Service Contract on your property.

To continue your protection from costly termite reinfestation, please complete the brief Invoice below. Then mail it with payment in the envelope provided, making sure the local Terminix address shows through the window. And don't wait a moment longer.

The termites who selected 7425 Leslie in the first place did so for a reason. And the other termites in Edwardsville may be rubbing their feelers together right now at the thought of the delicacies in your home.

Should they locate a break in the chemical barrier around your home, or should the termiticide wear off, you can bet they will be by for dinner. And that's when you'll appreciate the benefits of your termite coverage even more.

You have the #1 threat to termites on your side

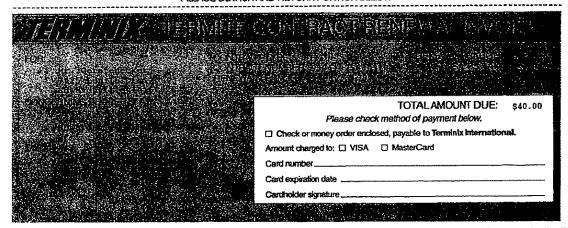
While termites damage more homes each year than tornadoes, hurricanes, lightning and fires combined, Terminix is proud to have a similar effect upon the termite population. With every scientific breakthrough we've made since we began in 1927, we've given these creatures more reasons to hate us. The fact that we will guarantee to treat your home against reinfestation for as long as you own it is almost enough to spoil their appetites.

You have freedom from devastating "termite bills."

Paying \$1,000 or more to eliminate termites the first time was no picnic. And Terminix can make sure you'll never again be responsible for a bill like this. In fact, we will do whatever it takes to keep your home termite-free -- no matter how often you need service or how much it may cost us. Though your Terminix Service Contract covers bills that could total thousands of dollars, it costs only a little over 25 cents a day!

(over, please)

PLEASE DETACH AND RETURN PORTION BELOW



You're entitled to top-quality service -from folks who can empathize with your situation.

Dealing with termites can be unsettling, and we understand. After all, we've inspected and treated millions of homes -- some with problems a lot worse than yours. Our professional technicians have the training and tools to stop termites cold. What's more, they're the kind of people you can feel good about having in your home.

As a customer from Colorado wrote to us, her service person "arrived on time ... did the job with minimal havor ... and cleaned up well afterwards. * A client from Texas echoed the sentiments of many others when she applauded the *courteous and considerate* manners of her Terminix service professional.

You can call us toll-free day or night, any day of the year.

While we sincerely hope your home won't be infested on a national holiday, we have to be ready for anything in this business. That's why our friendly representatives are available to take your calls 24 hours a day, 365 days a year, at 1-800-TERMINIX.

Plus, you have the backing of a \$3.5 billion company -and our exclusive quarantee.

You can rest assured that we have ample resources to handle your claims -- and that we'll be around to serve you in the future. After all, Terminix is part of ServiceMaster, a Fortune 500 company that's \$3.5 billion strong. And we stand firmly behind our money-back guarantee:

If you are ever dissatisfied with the quality of your protection from Terminix, you may have a complete refund of the unused portion of your Contract -- no questions asked.

While all of this service, expertise and commitment is very reassuring for you, it's disturbing enough for the neighborhood termites to stop them in mid-bite. But only for a moment. Because they're counting on you to let your Terminix Contract expire.

In fact, with only a few weeks remaining on your protection, you are leaving yourself open to the possibility of hosting greedy, six-legged house guests someday.

Don't give tiny, uninvited visitors the opportunity to eat you out of house and home. Renew your Termite Contract from Terminix ... today!

Eugene D. Hautheaup, J.

Eugene D. Gauthreaux, Jr. President

P.S. Remember, if you simply "knock on wood" where termites are concerned, the wood may crumble before your eyes one day. So please -- renew your Terminix protection now by rushing us the attached Invoice.

PG-SL-6/95

Continuing your valuable protection is easy.

- On the other side of this form, indicate whether you are paying the total amount due by check or money order, VISA or MasterCard.
- If you are charging the amount, please provide your card number, expiration date and signature,
- Then return this form with payment in the envelope provided. It's that simple

So mail this Invoice at once.



PLUS-receive one year of protection FREE for each friend you refer.

For each person you recommend who becomes a Terminix termite control customer, we will pay your next annual renewal fee on your Termite Contract." It's our way of thanking you for your support.

To make additional referrals.

please include information at right on a separate sheet of paper. THANK YOU.

TERMINIX.

Acktress			
			_
Aty }	State	Zip Code	_
Daytime Telephone I	Vumber		
Friend's Name			
Address			



Terminix International PO Box 17167 Memphis, TN 38187

Don't risk losing your termite protection. Renew your Contract today by returning the Invoice below.

Mr. Gerstenecker 7425 Leslie Dr Edwardsville IL 62025-7735

Dear Gerstenecker Family:

Over the past year, you've been able to enjoy your home without a worry about termites -- thanks to the Terminix Service Contract in which you so wisely

But only a few weeks are remaining on your Contract. And we're concerned that you haven't yet taken advantage of the opportunity you received earlier to continue this valuable protection.

So we're writing to remind you of just how easy -- and important -- it is to safeguard your budget and your home with a Terminix Service Contract.

All you need to do is complete, detach and return the Invoice below. It's that simple to continue your coverage for another full year.

But please don't delay. By renewing your Termite Contract today, you'll ensure there will be no gap in your protection tomorrow. And you'll feel good knowing that you'll still be entitled to the full array of benefits you enjoy now.

We'll do everything necessary to keep your home termite-free.

While our treatment controlled the termites within your home, the other termites in Edwardsville have continued to multiply since then. Once the termiticide barrier is broken or worn away, your property could very likely be reinfested. That's why we will reinspect your home for termites as needed, or at your request. Our highly-trained professional technicians know where to look, what to look for, and what to do when they find trouble.

You'll receive reliable, top-quality service.

After more than 65 years of practical experience, laboratory study and field research, we have developed sophisticated treatment methods that stop termites cold. Yet we also recognize the value of common courtesies such as being on time. When you call for service from Terminix, our professional technicians will show up on schedule, and solve your problem as rapidly as possible.

You'll be free from bills that could run thousands of dollars.

One of our customers in Maryland saved over \$8,900 last year when we treated a particularly difficult infestation problem. While your savings will vary with the situation, in every case your Service Contract will pay 100% of the inspection and treatment costs. There are no deductibles and no special fees to surprise you.

(over, please)

You can call us toll-free at any time, and on any day of the year.

Should you have questions or comments about your protection, or should you misplace the local number to call for service, just dial 1-800-TERMINIX. Our friendly representatives are available to help you out 24 hours a day.

Plus, you can feel safer knowing Terminix is part of a \$3.5 billion company.

Terminix International is backed by the immense financial strength of ServiceMaster, a Fortune 500 company with offices around the world. And that means you can count on us to stand behind you and settle your claims promptly for many, many years to come!

Remember, we are so qualified and so committed to control your termite problem, that we will continue to protect your home for as many years as you wish. You will never be "dropped" by Terminix as long as you maintain your Contract.

It all goes back to the fact that customer satisfaction has been our highest priority since we began in 1927. As a Contract owner from Woodbine, Maryland summed it up, "I have never had the pleasure of working with anyone as conscientious, personable and responsible ... [who] never fails to ... go the extra mile to make sure we are satisfied."

So please act now to renew your termite protection, before any more time goes by. Just detach the Invoice below, fill it out, and mail it with your payment in the envelope provided.

Do the right thing to protect your home, your budget and your peace of mind.

Sincerely,

Eugine D. Hauthreaux, J. Eugene D. Gauthreaux, Jr.

President

P.S. If you reply now, you will be sure to receive uninterrupted protection from termite treatment bills that average \$1,000 or more. So please return your completed Invoice today.

PLAINTIFF'S FIRST AMENDED **COMPLAINT**

EXHIBIT

3

Providers

SEARCH

1-988-WE SERVE ®

Guarantee

Terminix ProtectionSM

100% Satisfaction, Period. We'll use the most technologically advanced methods to protect your home, and we'll do it better than anyone else. You'll





the experts trained to use them correctly. friendly treatment methods. Rest easy: We have the resources to bring you effective treatments that focus on the well-being of your home and family, and

that if there is ever any new termite activity, we'll re-treat promptly, at no extra cost. And if there's ever any new termite damage, you'll be covered for unlimited repairs for as long as you maintain your coverage. Unlimited lifetime damage repair with termite service. Terminix promises

even between scheduled visits - at no added cost. Unlimited repeat service with pest service. Terminix promises that if the pests come back, so will we. We'll return to treat for any covered pest you see :

*See Service Agreement for additional details.

When all is said and done, your termite and pest control company should do one thing and one thing only; take care of your problem so you don't have to worry.

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Servicemaster.

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ServiceMaster.com

InStant Services Group American Home Shield® Eurniture Medic® AmeriSpec® Merry Maids® TruGreen ® ServiceMaster Clean®

ServiceMASTER. Teminixo

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PLAINTIFF'S FIRST AMENDED **COMPLAINT**

EXHIBIT

TERMINIX CONTRACT RENEWAL INVOICE

CONTRACT TYPE: CONTRACT NUMBER: Sentricon Protection

9959002112-220

RENEWAL CHARGE: SALES TAX:

\$232.00 50.00

MONTH OF EXPIRATION: May, 2000

This invoice reflects payments received on or before March 1, 2000. TOTAL AMOUNT DUE: \$232.00 AMOUNT PAID

Please Make Check Payable To: TERMINIX INTERNATIONAL 2159

16073 Gramercy San Leandro, CA 94546

PROPERTY AT:

FOR:

032399

FROM:

Terminix International R 14556 Wicks Blvd San Leandro, CA 94577-6714

Bruce Whitney 16073 Gramercy Dr San Leandro, CA 94578-1110 Haliadralahda Haliadra Haliadr

PLEASE RETURN THIS PORTION WITH YOUR REMITTANCE

TERMINIX

DON'T RISK LOSING YOUR VALUABLE COVERAGE. RENEW YOUR CONTRACT TODAY.

Over the past year you have been able to enjoy your home without a worry, thanks to the Terminix Sentricon Protection contract in which you so wisely invested.

But your existing contract will soon expire. And we are concerned that you haven't yet taken advantage of the opportunity you received earlier to renew this valuable coverage.

To renew your contract for another year, all you need to do is complete, detach, and return the Invoice above. But please don't delay.

By renewing your contract today, you'll ensure that there will be no gap in your coverage tomorrow. And you'll feel good knowing that you'll still be entitled to the full erray of benefits which you currently enjoy.

Property Covered:

Renewal Month:

Contract Number:

Total Amount Due:

Local Terminix Phone Number:

16073 Gramercy

May

9959002112-220

\$232.00

(510)357-9102

R-2



\$50 OFF NEW PEST CONTROL SERVICE



Now you can save \$50 on your initial pest control service when you purchase an annual service agreement (offer excludes termite renewals). Professionally trained and insured technicians will solve your pest problems. Satisfaction guaranteed or your money back.

To arrange for service, call 1-800-TERMINIX. Ask for discount code PC1.

mes only. Annual pest control agreement required for discount. Offer may vary with service frequency. Coupon must be presented at time of purchase. Valid only at participating locations. Not valid with any other offer. Offer expires June 30, 2000.

Terminix

No Bugs. No Hassles.



Don't risk losing your Termite Plan.

Betrett and mail lodgy.

Renew your Plan today by returning the above Invoice.

Dear Barbara Neu,

As a valued customer since May 1999, you know that renewing your Terminix Subterranean Termite Baiting Protection Plan now is your best defense against the threat of subterranean termite infestations.

By returning this notice along with your payment, you're regaining the security that you won't have to pay for new subterranean termite-related repair and re-treatment bills, which could escalate into thousands of dollars. And, the renewal fee is minimal compared to the original installation price you may have paid.

Plus, as always, you'll receive periodic monitoring of termite balt stations by trained Terminix service professionals and free repairs for any new subterranean termite-related damage. You'll also get free termite re-inspections at your convenience.

When Terminix service professionals examine your home for subterranean termites, you have the comfort that is associated with having your home inspected by the nation's leading termite control company.

What's more, Terminix stands behind our Subterranean Termite Baiting Protection Plan with total satisfaction guaranteed or your money back. That means, if you're ever dissatisfied with the quality of service we provide, we'll work to resolve the issue to your satisfaction or give you a prorated refund of your last prepaid annual termite renewal fee—no questions asked.

Why wait any longer. Just complete the top portion of this invoice and return it with your choice of payment today. If you have any questions regarding your Terminix Subterranean Termite Baiting Protection Plan, call us anytime at 510-357-9102.

We're looking forward to another year of helping to defend your home.

Larry Haberkern

Exp. date

Cardholder Signature

P.S. Find out how you can receive up to \$100 credit to be applied towards your renewal fee! See other side for details.

(over, please)



Termink International PO. Box 17167 Memphis, TN 38167

Enjoy guaranteed defense from future termite problems ...with warm wishes from your friends at Terminix.

0007175

Barbara Neu 16073 Gramercy Dr San Leandro, CA 94578-1110

Dear Terminix Customer,

Thank you for choosing to renew your Perminix Termite Baiting System Plan. You made a wise decision that will help safeguard your budget, your peace of mind, and the investment you have made in your home. As the company that pioneered termite control in 1927 — and the world leader in termite control today — we are pleased to service your home with the Terminix Termite Baitling System Program.

This means that throughout the coming year, we will periodically monitor the bait stations that have been installed to help protect your property. In addition to the periodic monitoring of the stations, Terminis will provide any further Terminix Termite Baiting System treatment found necessary by Terminix at no cost to you. The Terms and Conditions on the enclosed Contract Summary provide a brief summary of the main features of your Terminix Termite Baiting System Plan: Please refer to your original Terminix Termite Baiting System Plan for the full details, terms and conditions.

Please review the enclosed document, and keep it in a safe place.

We are glad to offer you the opportunity to continue your Terminix Terminic Baiting System Plan year after year for just a fraction of the price you paid Terminix to install the termite baiting system.

The option of annually extending your Terminix Termite Baiting System Plan is particularly attractive when you consider how subterranean termites operate. While our state of the art termite baiting system helps protect your property, the natural foraging behavior of termite colonies presents a continuous risk to your home and may make the installation of additional termite bait stations or other termite control measures necessary in the future. Best of all, as long as you maintain your Terminix Termite Baiting System Plan, termite reinspections and Terminix Termite Baiting System to necessary by Terminix are free (see original Terminix Termite Baiting System Plan for details):

Should you need service, just call your local Terminix center or dial our 24-hour "hotline": 1=800-merminix (1-800-837-6464).

We're available at this toll-free number day and night, 365 days a year, to answer your questions and take service requests.

We appreciate the confidence you have placed in Terminix, and we look forward to serving you in the months and years to come.

Most sincerely.

Albert Cantu President

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Terminix.

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Barbara Neu 16073 Gramercy Dr San Leandro, CA 94578-1110

CONCERNING PROPERTY AT: 16073 GRAMERCY SAN LEANDRO, CA 94546



TERMITE PLAN NUMBER: 2159-9959002112

TERMITE PLAN BEGINS: June 01, 2001

TERMITE PLANEXPIRES: May 31, 2002

REPAIR EFFECTIVE DATE: November 30, 1999

SUMMARY OF CERTAIN TERMS AND CONDITIONS OF YOUR VALUABLE TERMITE PLAN

Terminix will provide the necessary service to help protect the identified property against the attack of subterranean termites. The Terminix Termite Balting System Protection Plan does not protect against aerial infestations of any kind, drywood termites, or other wood-destroying insects or organisms.

During the term of the Terminia Termite Balting System Protection Plan, Terminia will...

- 1. Install and monitor the Terminix Termite Saiting System.
 - Reinspect the Structures at any time the Purchaser requests it, as required by the governing regulatory agency within your state; or if Terminix believes it necessary.
 - Add termite bait to; and remove it from, the Terminix Termite Baiting System as Terminix deems appropriate.
 - 4. After the Repair Effective Date, upon notification, inspect and arrenge for repairs or replacement of new subterranean termite damage to the Structures and contents of the Identified property as long as the Terminis Termite Baiting System Protection Plan is in force.
 - Perform any further Terminix Termite Baiting System treatment found necessary by Terminix free of charge.

If, after the Repair Effective Date, new subterranean termine damage occurs during the Plan term, Terminix will, upon notification and inspection, arrange for the necessary repairs or replacement and pay the entire cost of labor and materials. We damage is defined as damage done by subterranean termites subsequent to the Repair Effective Date of the Terminix Termite Baiting System Protection Plan; the definition excludes termite damage existing on or before the Repair Effective Date.

Any claim under the Terminix Termite Raiting System Protection Plan must be made to Terminix during the Plan term or any extension thereof. Terminix is only obligated to make repairs under the Plan if a valid claim is made after the Repair Effective Date during the Plan term, including any extension thereof, and Purchaser must allow Terminix timely access to the Structures for any purpose contemplated by the Plan including but not limited to reinspections, whether the inspection was requested by the Purchaser or considered necessary by Terminix.

Unless live subterranean termites are found in the damage area, the termite damage discovered is old damage and is not covered under the Plan.

See your Terminix Termite Baiting System Protection Plan for additional conditions and limitations, which are incorporated herein by reference, and which shall control in the event of any conflict with this Summary. The Terminix Termite Baiting System Protection Plan provides for arbitration of any controversy or claim arising out of or relating to the Plan. A copy of the Plan is available from your local Terminix Service Center.

TO RECEIVE SERVICE, CONTACT YOUR LOCAL TERMINIX CENTER. OR CALL 24 HOURS: 1-800-TERMINIX (1-800-837-6464).

Out representatives can take your questions, comments and service requests at this foll-free number, 365 days a year, IMPORTANT. Please keep this document in a safe place, you may used to present at the time of service.

[Compared to present at the time of service.]

007175-014150



P.O. Box 17167 Morrohis, TN 36167

Enjoy guaranteed defense from future termite problems ...with warm wishes from your friends at Terminix.

0004311

Barbara Neu 16073 Gramercy Dr San Leandro, CA 94578-1110

Dear Terminix Customer,

Thank you for choosing to renew your Terminix Termite Baiting System Plan. You made a wise decision that will help safeguard your budget, your peace of mind, and the investment you have made in your home. As the company that ploneered termite control in 1927 — and the world leader in termite control today — we are pleased to service your home with the Terminix Termite Baiting System Program.

This means that throughout the coming year, we will periodically monitor the balt stations that have been installed to help protect your property. In addition to the periodic monitoring of the stations; Terminix will provide any further Terminix Terminix at no cost to you. The Terms and Conditions on the enclosed Contract Summary provide a brief summary of the main features of your Terminix Termite Baiting System Plan. Please refer to your original Terminix Termite Baiting System Plan for the full details; terms and conditions.

Please review the enclosed document, and keep it is a safe place.

We are glad to offer you the opportunity to continue your Terminix Termite Saiting System Plan year after year for just a fraction of the price you paid Terminix to install the termite beating system.

The option of annually extending your Terminix Termite Baiting System Plan is particularly attractive when you consider how subterranean termites operate. While our state of the art termite baiting system helps protect your property, the natural foraging behavior of termite colonies presents a continuous risk to your home and may make the installation of additional termite bait stations or other termite control measures necessary in the future. Best of all, as long as you maintain your Terminix Termite Baiting System Plan, termite reinspections and Terminix Termite Baiting System treatment found necessary by Terminix are free (see original Terminix Termite Baiting System Plan for details)!

Should you need service, just call your local Terminix center or disl our 24-hour "hotline": 1-800-TERMINIX (1-800-837-6464).

We're available at this toll-free number day and night, 365 days a year, to answer your questions and take service requests.

We appreciate the confidence you have placed in Terminix, and we look forward to serving you in the months and years to come.

Nont sincerely

Albert Cantu President

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Barbara Neu 16073 Gramercy Dr. San Leandro, CA 94578-1110

CONCERNING PROPERTY AT: 16073 GRANERCY SAN LEANDRO, CA 94546



TERMITE PLAN NUMBER: 2159-9959002112

TERMITE PLAN BEGINS: June 01, 2002

TERMITE PLAN EXPIRES: May 31, 2003

REPAIR EFFECTIVE DATE: November 30, 1999

SUMMARY OF CERTAIN TERMS AND CONDITIONS OF YOUR VALUABLE TERMITE PLAN

Terminix will provide the necessary service to help protect the identified property against the attack of subterranean termites. The Terminix Termite Baiting System Protection Plan does not protect against aerial infestations of any kind, drywood termites, or other wood-destroying insects or organisms.

During the term of the Terminix Termite Baiting System Protection Plan, Terminix

- 1. Install and monitor the Terminix Termite Baiting System.
- Reinspect the Structures at any time the Purchaser requests if, as required by the governing regulatory agency within your state, or if Terminix believes it necessary.
- Add termite bait to, and remove it from, the Terminix Termite Baiting System as Terminix deems appropriate.
- 4. After the Repair Effective Date, upon notification, inspect and arrange for repairs or replacement of new subterranean termite damage to the Structures and contents of the identified property as long as the Terminix Termite Baiting System Protection Plan is in force.
- 5. Perform any further Terminix Termite Baiting System treatment found necessary by Terminix free of charge:

If, after the Repair Effective Date, new subterranean termite damage occurs during the Plan term, Terminix will, upon notification and inspection, arrange for the necessary repairs or replacement and pay the entire cost of labor and materials. New damage is defined as damage done by subterranean termites subsequent to the Repair Effective Date of the Terminix Termite Baiting System Protection Plan; the definition excludes termita damage existing on or before the Repair Effective Date:

any claim under the Terminix Termite Baiting System Protection Plan must be made to Terminix during the Plan term or any extension thereof. Terminix is only obligated to make repairs under the Plan if a valid claim is made after the Repair Effective. Date during the Plan term, including any extension thereof, and Purchaser must allow Terminix timely access to the Structures for any purpose contemplated by the Plan; including but not limited to reinspections, whether the inspection was requested by the Purchaser or considered accessary by Terminix.

Unless live subterranean termites are found in the damage area, the termite damage discovered is old damage and is not covered under the Plan.

See your Terminix Termite Baiting System Protection Plan for additional conditions and limitations, which are incorporated herein by reference, and which shall control in the event of any conflict with this Summary. The Terminix Termite Baiting System Protection Plan provides for arbitration of any controversy of claim arising out of or relating to the Plan. A copy of the Plan is available from your local Terminix Service Center.

TO RECEIVE SERVICE, CONTACT YOUR LOCAL TERMINIX CENTER OR CALL 24 HOURS: 1-800-TERMINIX (1-800-837-6464).

Our representatives can take your questions, comment and service sequents ar this toll-free number, 365 days a year IMPORTANTE Please keep this document in a safe place, you may need to present at the time of service.

004311-008622

Filed 04/28/2008

Page 31 of 54

Termite Plan Renewal Invoice

14558 WICKS BLVD SAN LEANDRO CA 94577-6714 Lock in your renewal rate for 2 years and you will realize a 10% discount off of the second year. Please mail your check for \$440.80, which reflects this discount.

ACCOUNT INQUIRIES

Choose a convenient method of contacting us today. Service Center: 2159-SAN LEANDRO CA Local Office: (510)357-9102 Toll Free: 1-800-TERMINIX TMX2159@TERMINIX.COM

Reply by 02/28/2003

6.4.1472 48969511 xxx Barbara Neu 16073 Gramercy Dr San Leandro CA 94578-1110

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Important Message: Please relain the top portion of the renewal invoice for your records. Your guarantee will be mailed to you within 60 days after receipt of payment.

RENEV	VAL SUN	MARY	<u> </u>
Plan Type: Customer No: Plan Period: Property Serviced:	Bailing Prot 536681 05/01/2003 16073 Gran CA 94546	- 05/31/20	X)4 Leandro,
Current Renewal C Additional Charges Sales Tax: FOTAL DUE:	harges: /Credits:	\$ \$ \$	232.00 0.00 0.00 232.09

It's time to renew your Terminix Termite Plan.

Simply complete and return the above Invoice.

Dear Barbara Neu,

You made a wise decision by selecting Terminix to help defend your home from subterranean termites. To keep winning your fight against these destructive pests, it's important for you to renew your valuable subterranean termite baiting service by returning this renewal notice along with your payment.

Without this renewal, you'll no longer receive the benefits of our Terminix Subterranean Termite Baiting Program, and your home may be at increased risk of subterranean termite infestation. Not to mention, if you let your Terminix termite baiting service lapse, you will also be at risk—of potential repair and re-treatment bills, which could escalate into thousands of dollars.

Renewing your Terminix Subterranean Termite Bailing Protection Plan now, assures you uninterrupted subterranean termite service by the nation's leading termite control company. And, the renewal fee is minimal compared to the original installation price you may have paid. Plus, you'll avoid potential repair and re-treatment costs associated with new subterranean termite infestations.

Mail your payment today, and you'll secure these exceptional Terminix benefits:

Periodic monitoring of termite bait stations by trained Terminix service professionals Free repairs for any new subterranean termite-related damage

Free re-treatment of subterranean termite infestations
Free termite re-inspections at your convenience Satisfaction guaranteed or your money back-if you're ever dissatisfied with the quality of service we provide, we'll work

to resolve the issue to your satisfaction or give you a prorated refund of your last prepaid annual termite renewal fee—no

questions asked.

Easy payment options—DISCOVER®, VISA®, MasterCard®, American Express®, check or money order.

Just return the bottom portion of this renewal notice along with your choice of payment, to continue your Terminix Subterranean Termite Baiting Program. And, if you have any questions regarding your Terminix Subterranean Termite Baiting Protection Plan, call us anytime at 510-357-9102.

Thank you for choosing Terminix to help defend your home against subterranean termites once again.

Larry E Haberkern

Larry E Haberkern Your Terminix Manager

did 2 years for \$440.80

on mc

1-800-TERMINIX

No Bugs. No Hassles.



Terminix International PO. Sox 17167 Memphis. TN 38167

Enjoy guaranteed defense from future termite problems ...with warm wishes from your friends at Terminix.

212.1.52995 49144811.ocs Barbara Neu 16073 Gramercy Dr San Leandro CA 94578-1110

Mahaladadhirdhadhadhadhadhaladad

Dear Terminia Customer,

Thank you for choosing to renew your Terminix Termite Baiting System Plan. You made a wise decision that will help safeguard your budget, your peace of mind, and the investment you have made in your home. As the company that pioneered termite control in 1927 — and the world leader in termite control today — we are pleased to service your home with the Terminix Termite Baiting System Program.

This means that throughout the coming year, we will periodically monitor the bait stations that have been installed to help protect your property. In addition to the periodic monitoring of the stations, Terminx will provide any further Terminix Termine Baiting System treatment found necessary by Terminix at no cost to you. The Terms and Conditions on the enclosed Contract Summary provide a brief summary of the main features of your Terminix Termite Baiting System Plan. Please refer to your original Terminix Termite Baiting System Flan for the full details, terms and conditions.

Please review the enclosed document, and keep it in a safe place.

We are glad to offer you the opportunity to continue your Terminix Termite Baiting System Plan year after year for just a fraction of the price you paid Terminix to install the termite baiting system:

The option of annually extending your Terminix Termite Baiting bystem Plan is particularly attractive when you consider how subterranean termites operate. While our state of the art termite baiting system helps protect your property, the natural foraging behavior of termite colonies presents a continuous risk to your home and may make the installation of additional termite bait stations or other termite control measures necessary in the future. Beat of all, as long as you maintain your Terminix Termite Baiting System Plan, termite reinspections and Terminix Termite Baiting System Plan for details)!

Should you need service, just call your local Terminix center — or dial our 24-hour hotline": 1-800-TERMINIX (1-800-837-6464):

We're available at this toll-free number day and night, 365 days a year, to answer your questions and take service requests.

We appreciate the confidence you have placed in Terminix, and we look forward to serving you in the months and years to come.

Most sincerely,

Albert Cantu President

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TERMINIX.

TERMITE GUARANTEE

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Barbara Neu 16073 Gramercy Dr San Leandro CA 94578-1110

CONCERNING PROPERTY AT:

16073 GRAMERCY SAN LEANDRO CA 94546



termite plan number:

2159 - 613053

TERMITE PLAN BEGINS: 05/01/2003

TERMITE PLAN EXPIRES:

05/31/2004

REPAIR EFFECTIVE DATE:

05/01/1999

SUMMARY OF CERTAIN TERMS AND CONDITIONS OF YOUR VALUABLE TERMITÉ PLAN

Terminix will provide the necessary service to help protect the identified property against the attack of subterranean termites. The Terminix Termite Baiting System Protection Plan does not protect against aerial infestations of any kind, drywood termites, or other wood-destroying insects or organisms.

During the term of the Terminix Termite Balting System Protection Flan, Terminix

- 1. Install and monitor the Terminix Termite Baiting System.
- Reinspect the Structures at any time the Purchaser requests it, as required by the governing regulatory agency within your state, or if Terminix believes it necessary.
- 3. Add termite bait to, and remove it from, the Terminix Termite Baiting System as Terminix deems appropriate.
- 4. After the Repair Effective Date, upon notification, inspect and arrange for repairs or replacement of new subterranean termite damage to the Structures and contents of the identified property as long as the Terminix Termite Baiting System Protection Plan is in force.
- 5. Perform any further Terminix Termite Baiting System treatment found necessary by Terminix free of charge.

If, after the Repair Effective Date, new subterranean termite damage occurs during the Plan term, Terminix will, upon notification and inspection, arrange for the necessary repairs or replacement and pay the entire cost of labor and materials. New damage is defined as damage done by subterranean termites subsequent to the Repair Effective Date of the Terminix Termite Baiting System Protection Plan; the definition excludes termite damage existing on or before the Repair Effective Date.

Any claim under the Terminix Termite Baiting System Protection Plan must be made to Terminix during the Plan term or any extension thereof. Terminix is only obligated to make repairs under the Plan if a valid claim is made after the Repair Effective Date during the Plan term, including any extension thereof, and Purchaser must allow Terminix timely access to the Structures for any purpose contemplated by the Plan, including but not limited to reinspections, whether the inspection was requested by the Purchaser or considered necessary by Terminix.

Unless live subterranean termites are found in the damage area, the termite damage discovered is old damage and is not covered under the Plan.

See your Terminix Termite Baiting System Protection Plan for additional conditions and limitations, which are incorporated herein by reference, and which shall control in the event of any conflict with this Summary. The Terminix Termite Baiting System Protection Plan provides for arbitration of any controversy or claim arising out of or relating to the Plan. A copy of the Plan is available from your local Terminix

TO RECEIVE SERVICE, CONTACT YOUR LOCAL TERMINIX CENTER: OR CALL 24 HOURS: 1-800-TERMINIX (1-800-837-6464).

CAR.

Our representatives can take your questions, comments and service requests at this fall-free number, 365 days a year IMPORTANT. Please keep this document in a safe place; you may need to present it at the time of service.

Termite Plan Renewal Invoice

14558 WICKS BLVD SAN LEANDRO CA 94577-6714

Lock in your renewal rate for 2 years and you will realize a 10% discount off of the second year. Please mail your check for \$232.00, which reflects this discount.

TOTAL DUE:

ACCOUNT INQUIRIES

Service Center: 2159-SAN LEANDRO CA Local Office:

(510)357-9102 1-800-TERMINIX Tell Free: TMX2159@TERMINIX.COM E-Mall:

Reply by 02/29/2004

143.4547 1 AT 0.292 56839\$11.xrt Barbara Neu 16073 Gramercy Dr San Leandro CA 94578-1110

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Important Message: Please rehin the top portion of the renewal invoice for your records. Your guarantee will be mailed to you within 60 days after receipt of payment.

RENEW	AL SUM		5,5 5
Plan Type:	Bailing Prot	ection	
Customer No:	536681		
Plan Period:	05/01/2004	- 05/31/2	005
Property Serviced:	16073 Gran CA 94577	nercy San	Leandro,
Current Renewal C	harges:	\$	232.00
Additional Charges		\$	208.80
Sales Tax:		\$	0.00
TOTAL DUE:		\$	23.20

It's time to renew your Terminix Termite Plan.

Simply complete and return the invoice below.

Dear Barbara Neu,

You made a wise decision by selecting Terminix to help defend your home from subterraneau termites. To keep winning your fight against these destructive pests, it's important for you to renew your valuable subterraneau termite builting service by returning this renewal notice along with your payment.

Without this renewal, you'll no longer receive the benefits of our Terminix Subterranean Termine Baiting Program, and your home may be at increased risk of subterranean termite infestation. Not to mention, if you let your Terminix termite baiting service lapse, you will also be at risk—of potential repair and re-treatment bills, which could escalate into thousands of dollars.

Renewing your Terminix Subterranean Termite Bailting Protection Plan now, assures you uninterrupted subterranean termite service by the nation's leading termite control company. And, the renewal fee is minimal compared to the original installation price you may have paid. Plus, you'll avoid potential repair and re-treatment costs associated with new subterranean termite infestations.

Mail your payment today, and you'll secure these exceptional Terminix benefits:

Periodic monitoring of termite built stations by trained Terminix penetitis:

Periodic monitoring of termite built stations by trained Terminix service professionals

Free repairs for any new subterranean termite-related damage

Free re-treatment of subterranean termite infestations

Free termite re-inspections at your convenience

Satisfaction guaranteed or your money back—If you're ever dissatisfied with the quality of service we provide, we'll work to resolve the issue to your satisfaction or give you a prorated refund of your last prepaid annual termite renewal fee—no

questions asked.

Easy payment options—DISCOVER®, VISA®, MasterCard®, American Express®, SEARS, check or money order

Just return the bottom portion of this renewal notice along with your choice of payment, to continue your Terminix Subterranean Termite Baiting Program. And, if you have any questions regarding your Terminix Subterranean Termite Baiting Protection Plan, call us anytime at 510-357-9102.

Thank you for choosing Terminix to help defend your home against subterranean termites once again.

Sincerely,

Larry E Haberkern 2-12-04 wrote them about having paid insulted and not appreciative insulted and not appreciative arry E Haberkern already. Am

1-800-**TERMINIX** No Bugs, No Hassles. terminix.com

This invoice reflects payments received by 01/27/2004. If you have not paid your renewal charge, please mail your payment today.

Please detach and return bottom portion along with your payment in the enclosed envelope. Thank You!

Terms and Conditions

This graph is a record of a visual, non-destructive inspection by Terminix of certain readily accessible visible areas of the identified property for visible termite infestation/damage. Terminix is not responsible for repairs to damages disclosed above. In addition, hidden damage may exist in concealed, obstructed or inaccessible areas. No attempt to remove siding, plastic or sheetrock insulation, carpeting, paneling, etc. to search for hidden damage was made. Terminix cannot guarantee that the damage disclosed by visual inspection of the premises shown above represents the entirety of the damage which may exist as of the date of the initial control application. Terminix shall not be responsible for repair of any existing damage, including without limitation, any damage which existed in areas or in structural members which were not accessible for visual inspection as of the date of this graph. If X (circled or not) appears on the graph, it is advisable that a qualified building expert inspect the property to determine what effect, if any, the infestation/damage has upon the structural integrity of the property.

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7, A/C - HEAT DUCTS IN OR BEL CIRCLED SYMBOL REPRESENTS DAMA	GE FROM THIS PEST, (EXAM				
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BY: 1/0 / NOVINA Jana dea	DATE	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		AMADE HAN	
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SIGNATURE	BARBARA NEU 16073 GRAMSERCY SAN LEANDRO, CA 94577 SAN LEANDRO, CA 94577 SAN LEANDRO, CA 94577 SAN LEANDRO 2159 CONTACT 2124 CABOT BLVD. CONTACT 4124 CABOT BLVD. CONTACT 4124 CABOT BLVD. CONTACT 510) 732-1686	WO # 1006265034		
	S CV	TERMINIX REINBRE CUS # 536681		
		TERMINIX REINSPECTION SERVICE REPORT CUS # SVC Line 536681 TB86 ***EXTEN***		
	PELLETS LOC. PELETS LOC. PELETS LOC.	90RT Phone # {510}278-667		
DATE	MO S SO	79	:	•
DATE TOTAL	PERIOD COVERED YR NO YR 2004 05 2005 SWARWEES LOC. OTHER : Loc.	Planned Date 10/27/04 Schad ffime 15:00		
		6/27/04 5:00		

Terms and Conditions

This graph is a record of a visual, non-destructive inspection by Terminix of certain readily accessible visible areas of the identified property for visible termite infestation/damage. Terminix is not responsible for repairs to damages disclosed above. In addition, hidden damage may exist in concealed, obstructed or inaccessible areas. No attempt to remove siding, plastic or sheetrock insulation, carpeting, paneling, etc. to search for hidden damage was made. Terminix cannot guarantee that the damage disclosed by visual inspection of the premises shown above represents the entirety of the damage which may exist as of the date of the initial control application. Terminix shall not be responsible for repair of any existing damage, including without limitation, any damage which existed in areas or in structural members which were not accessible for visual inspection as of the date of this graph. If X (circled or not) appears on the graph, it is advisable that a qualified building expert inspect the property to determine what effect, if any, the infestation/damage has upon the structural integrity of the property.

	SURVEY OF CONDITIONS FAVORABI	LE TO SUBTERRANEAN TER	MITES
NAME	holdern Don	ADDRESS: 16277 691	3 - 3 - 3 - 3 - 3 - 3 - 3 - 3 - 3 - 3 -
HOME	PHONE: 128 278-6179	ETTO MATERIA	CA. 44 5
	(PHONE:	son Leer Alle	
	he following conditions are hazards which may lead to termite inf commended that any condition checked "YES" below be correct		
[RIOR:	INTERIOR:	
YES		YES	
	1. Wood siding less than 3" from soil	☐ 11. Wood window/door frame below (round
	Brick/Stone veneer extends below grade	 12. Wood post or partition wall embed 	
0	Stump or woodpile close to structure	 13. Joist or girder inset into foundation 14. Floor joist at or below grade level 	ı wall
	4. Dirt-filled porch 5. Attached slab patio, walk, or drive	14. Floor joint at or below grade level 15. Wood flooring over concrete slab	
ä	6. Crack in foundation	16. Hollow block foundation or piers	
ā	7. Wood fence or trellis attached to structure	D 17. Inadequate ventilation in crawl spa	
.3	Wood porch/deck attached to structure	18. Wood debris on soil in crawl space	3
	Dense vine/vegetation growth on structure Other:	✓ 🗆 19. Other:	
	ny condition checked "YES" below must be corrected to Terminix	or State standards to qualify for any Termin	ix Termite Plan.
YES	The second of th		
7ES	inaccessible subarea (no access)	į.	
3	Less than 14" from floor joist to soil, and limiting inspection and	d treatment	
ā	3. A moisture hazard such as standing water or poor drainage (to	ward or under structure)	
	4. Rigid Board Insulation, Dri-Vit or "EIFS" less than 3" above grad	de or State minimum standards.	
C. If	any of the following conditions are checked "YES" the property v tructure meets other qualifications applicable to any Terminix Plar	vill qualify for a Service Flan (no damage rep 1.	air) only, provided the
YES	Initials		
	1. Slabs with [] Radiant heat or [] HVAC ducts, embed	ided or beneath the concrete floor	
Ö	2. Rigid Board insulation, EIFS or Dri-Vit (provided it is a	if least 3" above grade level).	
a	Wood flooring on/over concrete slab exceeds 10% of		
If che	cked "YES" below, the following condition must be corrected to	Terminix or State standards to quality for a T	erminix Protection Plan.
YES	Initials		
	4. Earth to wood contact		
D. If	any of the following conditions are checked "YES" the property w	vill qualify for a Terminix Balt System only.	*
YES			
	 HVAC duds embedded in or below slab floors Badiant heat pipes embedded in or below concrete slab floors 		
ü	Hadiarn near pipes embedded in or below contracte stab hours French drain system along exterior of foundation		
ă	4. French drain system or sump pump along interior of foundation	· ,	
	Water well or distant is located less than 50 feet from the struct	ture. [100 feet in Pennsylvania]	
<u>D</u>	6. Structure is within 50 feet of a waterway, stream, take, pond, ca	mat, river, creek, ocean, etc. [200 feet in Penn	зуімалів)
) EX	7. Stucco extends below grade level.		
O	8. Plenum HVAC system		
inspec	dings on this survey of conditions favorable to subterracean termit tion. This form is for informational purposes only and is not to be use of the property.	tes, reflects evidence that was visible and ac ad for real estate closings or relled upon by any	cessible at the time of the rone other than the current
Molds,	sometimes called "mildew", are not wood destroying insects or org destroying insects or organisms. Pest management companies, suc	anisms. Nor are they conditions conducive to	infestation or infection by
report	the presence of these molds or "mildews".	to the control of the	• •
•		9 * ,	Mil6154
rermin	ix Representative:	SAW	12,6,04
Purcha	son Backerse Bleen		14/20/07
waay tam	Hnix com		

Key #32392 REV. 4/04 RVP 4/04 ©2004 The Terminix International Company L.P.

YELLOW COPY-CUSTOMER

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12-17-54

7-cv-06472-CW	Document 46-3	3 F	filed 04/28/	2008	Page	40 of 5
PLEASE DAY JESU PEDEST OF 11-3 PROJECT	12~94		D =	le Pri	r.ted. :	12/16/9
TERMINIX INTERNA 21216 CABOT BLUB HAYUARD,CA 94545						
(518)232-1383						
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ia 4 613953 IC 4 93455632	***************************************		. 995980211		☐ Cash	☐ Check
Service/Inspec		this top po al Servic	tion with payment. P			elope window
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2159 535681	P76(510)278-66793 (510)709-148	691F3	36.65	12/16. 23-4	104 162	1021
Seh ARBARA NEU .6973 GRAMERCY SAN LEANORD,CA 9	Vice Property At		TERMINIX 21216 CABO MAYWARD, CO	37 BLV	ATTONAL C.	
Prions 후 유민들은홍홍오115 perator Name & Certification Nu		(32 J	Supervisor Name & 0	Certification	Number	······
LIAN L SALINAS,			JARBINE .	MARRYI	≴#° .	
	in ground Termite Bailing stations located performed the following as indicated:	locate	Terminix inspected K / Lat the above address cithe	above (dound or per	ground Recruit AC formed the following	station(t) ig as indicated:
	stalions		tial installation of	Recruit A	G station(s)	
No Termite activity found in station Termite activity found in	as station/s		cation(s): kled supplemental Recruit	AG to station	#{s}	r
Station #(s):	· · · - · · · · · · · · · · · · · · · ·	,		,	1 / /	
Recruit Baitube* placed in station i		🗀 Re	tal Recruit AG Stations pla cruit II AG, EPA #62719-2 cruit III AG, EPA #62719-	70 (0.5% Hex	ຂຖືບການເວລ). 70 <u>ຂ</u> າລາ	ms ms
Replaced Recruit Baltube in station Total Recruit Baltubes placed:	n #(s)	- Ta	nget Pest = Subterrancan Ti ticulitermes spp.	rmites		
Total Recruit Bailubes placed:	Hexaflumuron), 35 grams		Termite activity found in			TOTTIOSANUS
Recruit III, EPA #62719-453 (0.5%			mite activity found in	ZF Roce	uit AG station #(s).	
Target Post = Subterranean Termiter	s Ants (Infesting Stations) mes spp. O Coptotennes formosmus	h	milied L'Americani	not formul P	mit AG station(s)	
Installed D puxiliary stat			tion #(s):	ner (INCW) KCC	ELL AG SIGNOD(S)	
Station #(s):			cation(s):,	yest.		
Removed Recruit II Baitube and re-	installed monitoring devices in	1	moved and/or relocated	./ Rec	nsit AG station(s)	
Replaced domaged sta	tion #(s),		ation(s):		_,,	· · · · · · · · · · · · · · · · · · ·
Removed and/or relocated station #	(s) D	- □ Ma	xforce FG Insect Bait, EPA 1% Hydamethylnon,	n 6434B/ES	ounces applie	d.
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omments pro Art	"17		U.Ot. 176 Anameetin, IGuard Ant Repellent, EPA	1 .	ounces applied	<u>.</u>

Service Technic

Special Service Instructions: Indicated for indestallow/Prevention or Inspect areas indicated.

SENTRICON MUST ACCOMPANDE THE PUBL Amount Pad USER WITH A COPY OF THE MANUFACTURER'S WHICH REMAIN MORTHLY, DUE TO ARS DNS FOR OVER 4 M ARE USED TO TREAT THE PREMISES.

WHICH ARE SERVICE Date: // CALL 1-800-B37-6464) Cash

Customer's Signature

THE Next Service Date: ___/__/__

.....

21216 CABOT BLVD. HAYWARD CA 94545-1647

Lock in your renewal rate for 2 years and you will realize a 10% discount off of the second year. Please mail your check for \$507.30, which reflects this discount.

ACCOUNT INQUIRIES

Reply by 04/30/2005

Service Center: 2159-HAYWARD CA (510)732-1686 1-800-TERMINIX TMX2159@TERMINIX.COM Local Office: Toll Free: E-Mail:

27 1 4564 1 AT 0:292 6654051 Lan Barbara Neu 16073 Gramercy Drive San Leandro CA 94578-1110

Halanladalalaalladaantisallaallalaallalad

Important Message: Please retain the top portion of the renewal invoice for your records. Your guarantee will be mailed to you within 60 days after receipt of payment.

RENEW			
Plan Type:	Baiting Prote	chon	
Customer No:	536681		
Plan Period:	05/01/2005	- 05/31/20	X0 6
Property Serviced:	16073 Gram	ercy Driv	e San
	Leandro, CA	94578	
Current Renewal C	harges:	3	267.0
Additional Charges	Credits:	\$	0.0
Sales Tax:		\$	0.0
TOTAL DUE:		Ś	267.0

Caution - Your Terminix Termite Plan is scheduled to Expire!

Dear Barbara Neu,

Please be aware that if you haven't returned your payment to renew your Terminix Subterranean Termite Baiting Protection Plan, your home may be at risk. Rush the bottom portion of this renewal notice with your payment to us today, and we'll continue to help defend your most valuable investment.

What's the burry? If you let your Terminix Subterranean Termite Baiting Program lapse, you could face large, out-of-pocket expenses. And, your homeowners insurance probably doesn't cover termite-related damage.

By disregarding your Terminix Subterranean Termite Baiting Protection Plan renewal, you may leave yourself responsible for paying bills related to:

Re-treatment of subterranean termite infestations (FREE with your paid Terminix renewal!)

Repairs for new subterranean termite-related damage (FREE with your paid Terminix renewal!)

Periodic termite re-inspections (FREE with your paid Terminix renewal!)

Not to mention, you won't have the comfort of working with the nation's leading termite control company, or a Subterranean Termite Baiting Protection Plan supported by Terminix.

Don't let down your guard! Subterranean termites never stop in their search for food, and without Terminix, the damage they cause can go undetected until it's not just a nuisance... it's a severe problem.

Please take this opportunity to continue to help defend your home and protect your finances. Your Terminix Subterranean Termite Baiting Protection Plan renewal fee is minimal compared to the original installation price you may have paid. Plus, you'll avoid potential repair and re-treatment costs associated with new subterranean termite infestations.

Fill out the bottom portion of this renewal notice and return it along with your choice of payment today. If you have any questions regarding your Terminix Subterranean Termite Baiting Protection Plan, call us anytime at 510-732-1686.

Ernest J Walker

Ernest J Walker Your Terminix Manager

1-800-TERMINIX

No Bugs. No Hassles.

This invoice reflects payments	received by 04/02/2005.	If you have son slong with	e not paid y your payment in		<u>,,,, ,,, ,,, ,,,,,,,,,,,,,,,,,,,,,,,,</u>		88.1
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05/2005 Baiting Pro		536681		267.00	507.30	<u> </u>	
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Barbam Neu 16073 Gramerby Drive San Leandro CA 94578-1110	1-800- TEM No Bugs, No H terminix.com	assles.	Two yes	my credit card \$267	nge my eredit card \$507.30 .00	terican Express SEARS	
Remit to: TERMINIX PROCES P.O. BOX 742592 CINCINNATI OH 45			Name (exect)	Credit y es it appears as card)	Card Number FIRST MIDDLE	Exp. Date	_
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It's time to renew your Terminix Termite Plan.

Simply complete and return the above Invoice.

Dear Barbara Neu,

Thank you for relying on Terminix to help defend your home at 16073 Gramercy against subterranean termites since May 1999. To continue receiving your valuable subterranean termite baiting service, it's important for you to renew your Terminix Subterranean Termite Baiting Protection Plan by returning this renewal notice along with your payment.

As you're well aware, renewing your Terminix Subterranean Termite Baiting Protection Plan now, assures you uninterrupted subterranean termite service by the nation's leading termite control company. And, the renewal fee is minimal compared to the original installation price you may have paid. Plus, you'll avoid potential repair and re-treatment costs associated with new subterranean termite infestations, which can escalate into thousands of dollars.

Mail your payment today and you'll retain these exceptional Terminix benefits:

- · Periodic monitoring of termite bait stations by trained Terminix service professionals
- · Free repairs for any new subterranean termite-related damage
- Free re-treatment of subterranean termite infestations
- Free termite re-inspections at your convenience
- Satisfaction guaranteed or your money back—If you're ever dissatisfied with the quality of service we provide, we'll work
 to resolve the issue to your satisfaction or give you a prorated refund of your last prepaid annual termite renewal fee—no
 questions asked.
- Easy payment options—VISA[®], MasterCard[®], DISCOVER[®], check or money order

Just return the top portion of this renewal notice along with your choice of payment, to continue your Terminix Subterranean Termite Baiting Program. And, if you have any questions regarding your Terminix Subterranean Termite Baiting Protection Plan, call us anytime at 510-357-9102.

Thank you for choosing Terminix to help defend your home against subterranean termites once again.

Sincerely,

Larry Haberkern

Your Terminix Manager

Parry Haberkern

P.S. Find out how you can receive up to \$100 credit to be applied towards your renewal fee! See other side for details.

(over, please)

Caution - Your Terminix Termite Plan is scheduled to Expire! per phone call

Dear Barbara Neu,

Because we've been helping guard your home at 16073 Gramercy since May 1999, we want to ensure you return this renewal notice along with your payment today to renew your Subterranean Termite Bailing Protection Plan. Without this valuable Terminix service, your home may be at risk

expenses. And, your homeowners insurance probably doesn't cover termite-related damage. What's the hurry? If you let your Terminix Subterranean Termite Baiting Program lapse, you could face large, out-of-pocket

paying bills related to: By disregarding your Terminix Subterranean Termite Baiting Protection Plan renewal, you may leave yourself responsible for

- Re-treatment of subterranean termite infestations (FREE with your paid Terminix renewall)
- · Repairs for new subterranean termite-related damage (FREE with your paid Terminix renewall)
- Periodic termite re-inspections (FREE with your paid Terminix renewal!

Not to mention, you won't have the comfort of working with the nation's leading termite control company, or a Subterraneau Termite Baiting Protection Plan supported by Terminix.

Don't let down your guard! Subterranean termites never stop in their search for food, and without Terminix, the damage they cause can go undetected until it's not just a nuisance... it's a severe problem.

avoid potential repair and re-treatment costs associated with new subterranean termite infestations. Please take this opportunity to continue to help defend your home and protect your finances. Your Terminix Subterranean Termite Bailing Protection Plan renewal fee is minimal compared to the original installation price you may have paid. Plus, you'll

SAVE up to \$100 off your next year's renewal fee. And, if you renew now, you could save even more money in the future! Just complete the back of this notice, and you may

Fill out the top portion of this renewal notice and return it along with your choice of payment today. And, as always, if you have any questions regarding your Terminix Subterranean Termite Baiting Protection Plan, call us anytime at 510-357-9102.

Sincerely

Larry Haberkem Carry or

Your Terminix Manager

Find out how you can receive up to \$100 credit to be applied towards your renewal feel. See other side for details

(over, please)

PLAINTIFF'S FIRST AMENDED COMPLAINT

EXHIBIT 10



Terminix International PO Box 17167 Memphis, TN 38187

BRUCE WHITNEY 16073 GRAMERCY DR SAN LEANDRO CA 94578-1110

Ildirah dalah dari balan dari balah dari bal

Dear Terminix Customer,

Thank you for choosing Terminix. You made a decision that will help safeguard your budget, your peace of mind, and the investment you have made in your home. As the company that pioneered termite control in 1927 — and the world leader in termine service today — we are pleased to service your home with the Terminix Termite Balting System featuring Sentricon.

Please review the enclosed Termite Plan Summary and keep it in a safe place. On the Plan Summary you will find the dates for your Annual Renewal Period and the Repair Effective Date. The Repair Effective Date does not denote colony elimination or control, but it is the date after which Terminix will provide for repair or replacement of new subterranean termite damage to the structures as long as the Plan is in effect. Please refer to your original Plan documents and the Termite Plan Summary for details, terms and conditions.

We are pleased to be able to renew your Terminix service year after year for a small annual fee that is just a fraction of the cost of the initial installation fee. The Termine Plan on your property cannot be canceled by Terminix for as long as you choose to timely renew your service. This means that no matter what may happen in the future, you will never have to worry about new termite problems while your Plan is in effect.

With more than 560 Terminix offices, including the largest technical staff in the industry and more than 40 graduate entomologists; we can offer you the state-of-the-art in termite protection, and we are committed to being there for you whenever you may need us.

Should you need service, just call your local Terminix center or dial our 24-hour "hotline": 1-800-TERMINIX.

We're available at this foll-free number day and night, 365 days a year, to answer your questions and to help arrange service:

We appreciate the confidence you have placed in our company, and we look forward to serving you in the months and years to come.

Most sincerely

Albert Cantu President



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TERMINIX.

TERMITE BAITING SYSTEM PLAN SUMMARY

OR: BRUCE WHITNEY

16073 GRAMERCY DR SAN LEANDRO CA 94578-1110

CONCERNING PROPERTY AT: 16073 GRAMERCY SAN LEANDRO CA 94546



TERMITE PLAN NO: 9959002112

ANNUAL RENEWAL PERIOD BEGINS: 05/01/1999

ANNUAL RENEWAL PERIOD ENDS:

REPAIR EFFECTIVE DATE: 10/28/1999

TERMS AND CONDITIONS OF YOUR VALUABLE TERMITE PLAN

Terminix will provide the necessary services to help defend the identified property against the attack of Subterranean termites.

The Terminix Termine Bailing System Protection Plan does not defend against aerial subterranean termite infestations, drywood termites, or other wood-destroying insects of organisms.

During the term of the Terminix Termite Baiting System Protection Plan, Terminix will.

- 1. Install and monitor the Terminix Termite Baiting System;
- 2. Reinspect the structures at any time the Purchaser requests it or if Terminix believes it necessary;
- 3. Add termite bait to, and remove it from, the Terminix Termite Balting System as Terminix deems appropriate;
- After the Repair Effective Date, provide for repairs of replacement of new subjerrangen termite damage to the structures and contents of the structures as long as the Plan is in force.

If after the Repair Effective Date new subterranean termite damage occurs during the Planterm, Terminix will, upon notification and inspection, arrange for the necessary repairs or replacement and pay the entire cost of labor and materials. New damage is defined as damage done by subterranean termites subsequent to the Repair Effective Date of the Terminix Termite Bailing. System Protection Plan, the definition excludes damage existing on or before the Repair Effective Date.

Unless live termites are found in the damage area; the damage discovered is old damage and is not covered under the Plan.

Any claim under the Terminix Termile Baiting System Protection Plan must be made to Terminix during the Plan lerm or any extension thereof. Terminix is only obligated to make repairs under the Plan if a valid claim is made after the Repair Effective Date during the Plan term, including any extension thereof, and Parchaser must allow Terminix timely access to the structures for any purpose contemplated by the Plan, including but not limited to reinspections, whether the inspection was requested by the Purchaser or considered necessary by Terminix.

See your Terminix Termite Bailing System Protection Plan for additional conditions and limitations, which are incorporated herein by reference and shall control in the event of any conflict with this Summary. The Terminix Termite Bailing System Protection Plan provides for arbitration of any controversy or claim arising out of or relating to the Plan. A copy of the Plan is available from your local Terminix Service Center.

TO RECEIVE SERVICE, CONTACT YOUR LOCAL TERMINIX CENTER. OR CALL 24 HOURS: 1-800-TERMINIX (1-800-837-6464).



Our representatives can take your questions, comments and service requests at this toll-free number, 365 days a year.

IMPORTANT: Please keep this document in a safe place, you may need to present it at the time of service.

WOOD DESTROYING PESTS AND ORGANISMS INSPECTION REPORT

This is an inspection report only - not a Notice of Completion

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REPORT SENT TO:					SAN LEANDRO (
PROPERTY OWNER:	BROCE W	HITNEY 1607	3 GRAMERCS	Y DR.	SAN LEANDRO (A S	1457	/B								<u>—</u>
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NOTE: Questions or problems concerning the above report should be directed to the manager of the company. Unresolved questions or problems with services performed may be directed to the Structural Pest Control Soard at (916) 263-2533, or (800) 737-8188.

You are entitled to obtain copies of all reports and completion notices on this property filed with the Board during the preceding two years upon payment of a \$2.00 search fee to: The Structural Pest Control Board, 1418 Howe Ave., Ste. 18, Secremento, California 95825-3280.

_ PAGE OF STANDARD INSPECTION REPORT ON PROPERTY AT:

16073	GRAMERCY DR.	SAN LEANDRO
BLDG. NO.	STREET	CITY
2478756V	05/24/1999	10171
STAMP NO	DATE OF INSPECTION	CO. REPORT NO.

READ THIS DOCUMENT. It explains the scope and limitations of a Structural Pest Control Inspection and Wood Destroying Pest and Organism Inspection Report.

A Wood Destroying Pest and Organism Inspection Report contains findings as to the presence or absence of evidence of wood destroying insects or organisms (fungi/rot) in visible and accessible areas on the date of inspection. It contains our recommendations for correcting any infestations, infections or conditions found. The contents of the Wood Destroying Pest and Organism Inspection Report are governed by the Structural Pest Control Act and the rules and regulations of the Structural Pest Control Board.

Some structures may not comply with building code requirements or may have structural, plumbing, electrical, heating and air conditioning, or other defects that do not pertain to wood destroying organisms. A Wood Destroying Pest and Organism Inspection Report does not contain information about such defects as they are not within the scope of the license of the inspector or the company issuing this report. Nor does a Wood Destroying Pest and Organism Inspection Report contain information about asbestos or any other environmental or safety hazard. Should interested parties desire opinions regarding these items, it is recommended that the owner engage the services of a reputable "whole house" inspection company.

Some structures may not comply with building code requirements or may have structural, plumbing, electrical, heating and air conditioning, or other defects that do not pertain to wood destroying organisms. A Wood Destroying Pest and Organism Inspection Report does not contain information about such defects as they are not within the scope of the license of the inspector or the company issuing this report. Nor does a Wood Destroying Pest and Organism Inspection Report contain information about asbestos or any other environmental or safety hazard. Should interested parties desire opinions regarding these items, it is recommended that the owner engage the services of a reputable "whole house" inspection company.

NOTE: THE FOLLOWING AREAS, WHEN THEY EXIST, ARE CONSIDERED INACCESSIBLE FOR INSPECTION: THE INTERIORS OF HOLLOW WALLS AND ALL ENCLOSED SPACES BETWEEN A FLOOR OR PORCH DECK AND THE CEILING OR SOFFIT BELOW; AREAS BETWEEN ABUTTING/ATTCHED ROW HOUSES, TOWNHOUSES, CONDOMINIUMS AND SIMILAR STRUCTURES; PORTIONS OF THE ATTIC CONCEALED OR MADE INACCESSIBLE BY INSULATION; PORTIONS OF THE ATTIC CONCEALED OR MADE INACCESSIBLE BY DUCTING, PORTIONS OF THE ATTIC OR ROOF CAVITY CONCEALED DUE TO AN INADEQUATE CRAWL SPACE; THE INTERIORS OF BOXED EAVES; EAVES CONCEALED BY PATTO COVERS OR OTHER ABUIMENTS; PORTIONS OF THE SUBAREA CONCEALED BY PATTO COVERS OR OTHER ABUIMENTS; PORTIONS OF THE SUBAREA CONCEALED OR MADE INACCESSIBLE BY INSULATION; PORTE COCHERES; INCLOSED BAY WINDOWS; AREAS BENEATH WOOD FLOORS OVER CONCRETE; AREAS CONCEALED BY BUILT-IN CABINET WORK; AREAS CONCEALED BY FLOOR COVERINGS, SUCH AS WALL-TO-WALL CARPETING, LINGLEIM, CERAMIC TILE, ETC.; AND AREAS CONCEALED BY "BUILT-IN" APPLIANCES.

NOTE: THE FOLLOWING AREAS, WHEN THEY EXIST, ARE CONSIDERED INACCESSIBLE FOR INSPECTION: AREAS CONCEALED BY INTERIOR FURNISHINGS; AREAS CONCEALED BY INTERIOR COVERINGS, SUCH AS AREA RUGS, THROW RUGS, BATH AND KITCHEN MAIS, EIC.; AREAS CONCEALED BY "FREE STANDING" APPLIANCES; AREAS CONCEALED BY HEAVY VEGETATION; AND AREAS WHERE LOCKS PREVENTED ACCESS.

THESE AREAS WILL BE INSPECTED FOR A FEE, IF THEY ARE MADE ACCESSIBLE AT THE COMMER'S EXPENSE. A SUPPLEMENTAL REPORT WILL BE ISSUED AND ANY FINDINGS AND RECOMMENDATIONS WILL BE LISTED ALONG WITH ESTIMATES FOR REPAIR AND/OR TREATMENT, IF WITHIN THE SCOPE OF THIS COMPANY'S OPERATIONS. NO OPINION IS RENDERED CONCERNING CONDITIONS IN THESE AREAS AT THIS TIME.

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PAGE OF STANDARD INSPECTION REPORT ON PROPERTY AT:

16073	GRAMERCY DR.	SAN LEANDRO
BLDG. NO.	STREET	CITY
2478756V	05/24/1999	10171
STAMP NO.	DATE OF INSPECTION	CO. REPORT NO.

NOTE: INSPECTIONS ARE MADE AND REPORTS ARE ISSUED ON THE BASIS OF WHAT WAS VISIBLE AND ACCESSIBLE AT THE TIME OF THE INSPECTION. THE ABSENCE OF VISIBLE EVIDENCE OF WOOD DESTROYING ORGANISMS IN THE VISIBLE AND ACCESSIBLE PORTIONS OF THE STRUCTURE IS NO ASSURANCE THAT WOOD DESTROYING ORGANISMS ARE NOT PRESENT IN INACCESSIBLE AREAS NOR THAT FUTURE INFESTATIONS WILL NOT OCCUR. THEREFORE, WE DO NOT ASSUME ANY RESPONSIBILITY FOR THE PRESENCE OF WOOD DESTROYING ORGANISMS, OR DAMAGE DUE TO SUCH ORGANISMS, IN AREAS THAT WERE NOT VISIBLE AND ACCESSIBLE AT THE TIME OF THE INSPECTION OR THAT MAY OCCUR IN THE FUTURE.

NOTE: A VISUAL INSPECTION WAS PERFORMED AND THE INSPECTOR DID NOT DEFACE NOR PROBE INTO FINISHED WINDOW OR DOOR FRAMES, TRIM WORK, FLOOR COVERINGS, WALLS, CEILINGS OR OTHER FINISHED SURFACES.

NOTE: THE OWNER OF THIS PROPERTY HAS CERTAIN RESPONSIBILITIES RECARDING THE NORMAL MAINTENANCE THAT PERTAINS TO THE DETERRENCE OF WOOD DESTROYING ORGANISMS. THESE NORMAL MAINTENANCE PROCEDURES INCLUDE, BUT ARE NOT LIMITED TO; MAINTENANCE OF THE ROOF, GUTTERS, AND DOWNSPOUTS; CAULKING AROUND DOORS, WINDOWS, VENIS, TUB AND SHOWER ENCLOSURES; KEEPING SOIL LEVELS BELOW THE TOP OF THE FOUNDATIONS; KEEPING STORED ITEMS (INCLUDING FIREWOOD) AT LEAST TWELVE (12") INCHES AWAY FROM THE STRUCTURE; ADJUSTING SPRINKLERS SO THAT THEY DO NOT SPRAY ONTO THE STRUCTURE; PROHIBITING SOIL TO CONTACT THE WOOD COMPONENTS OF THE STRUCTURE; AND PREVENTING VEGETATION OR OTHER ITEMS FROM BLOCKING VENTS.

NOTICE TO OWNER: UNDER THE CALIFORNIA MECHANICS' LIEN LAW, ANY STRUCTURAL PEST COMIROL COMPANY WHICH CONTRACTS TO DO WORK FOR YOU, ANY CONTRACTOR, SUBCONTRACTOR, LABORER, SUPPLIER OR OTHER PERSON WHO HELPS TO IMPROVE YOUR PROPERTY, BUT IS NOT PAID FOR HIS OR HER WORK OR SUPPLIES, HAS A RICHT TO ENFORCE A CLAIM AGAINST YOUR PROPERTY. THIS MEANS THAT AFTER A COURT HEARING, YOUR PROPERTY COULD BE SOLD BY A COURT OFFICER AND THE PROCEEDS OF THE SALE USED TO SATISFY THE INDEBTEDNESS. THIS CAN HAPPEN EVEN IF YOU HAVE PAID YOUR STRUCTURAL PEST CONTROL COMPANY IN FULL IF THE SUBCONTRACTOR, LABORERS, OR SUPPLIERS REMAIN UNPAID.

TO PRESERVE THEIR RIGHT TO FILE A CLAIM OR LIEN AGAINST YOUR PROPERTY, CERTAIN CLAIMANIS SUCH AS SUBCONTRACTORS OR MATERIAL SUPPLIERS ARE REQUIRED TO PROVIDE YOU WITH A DOCUMENT ENTITLED "PRELIMINARY NOTICE". PRIME CONTRACTORS AND LABORERS FOR WAGES DO NOT HAVE TO PROVIDE THIS NOTICE. A PRELIMINARY NOTICE IS NOT A LIEN AGAINST YOUR PROPERTY. ITS PURPOSE IS TO NOTIFY YOU OF PERSONS WHO MAY HAVE A RIGHT TO FILE A LIEN AGAINST YOUR PROPERTY IF THEY ARE NOT PAID.

NOTE: THE EXTERIOR SURFACE OF THE ROOF HAS NOT BEEN INSPECTED. IF YOU WANT T WATER TIGHTNESS OF THE ROOF DETERMINED, YOU SHOULD CONTACT A ROOFING CONTRACTOR WHO IS LICENSED BY THE CONTRACTOR'S STATE LICENSE BOARD.

NOTICE: REPORTS ON THIS STRUCTURE PREPARED BY VARIOUS REGISTERED COMPANIES SHOULD LIST THE SAME FINDINGS (i.e. termite infestation, termite damage, fungus damage, etc.). HOWEVER, RECOMMENDATIONS TO CORRECT THESE FINDINGS MAY VARY FROM COMPANY TO COMPANY. YOU HAVE A RIGHT TO SEEK A SECOND OPINION FROM ANOTHER COMPANY.

PLEASE SEE "GENERAL NOTES" FOLLOWING THE "FINDINGS AND RECOMMENDATIONS" FOR CONDITIONS GOVERNING THIS REPORT.

SUBSTRUCTURE:

FINDING: Evidence of subterranean termites noted at/in subarea under Item 1A: hat:hroom.

RECOMMENDATION: Remove accessible termite shelter tubes.

RECOMMENDATION: Locally treat the soil at subarea under bathroom with an approved termiticide and install a subterranean termite baiting program for the control of subterranean termites. Installation of a termite baiting program will require periodic monitoring by Terminix technicians.

PAGE OF STANDARD INSPECTION REPORT ON PROPERTY AT:

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SUBSTRUCTURE:

Item 1B: FINDING: A plumbing leak was noted at bathroom in the subarea causing an excessive moisture condition.

> RECOMMENDATION: Repair the leak as necessary to correct the excessive moisture condition.

Item 1C: FINDING: The subarea contains goods that conceal a portion of the substructure.

> RECOMMENDATION: Owner should remove stored goods so as to make the entire substructure available for inspection. Upon further inspection, a supplemental report will be issued and any findings will be listed along with estimates for repair and/or treatment, if within the scope of this company's operations.

Item 1D: FINDING: A portion of the subarea is inaccessible due to a cross foundation.

RECOMMENDATION: Install an access opening for further inspection. Upon further inspection, a supplemental report will be issued and any findings and recommendations will be listed along with estimates for repair and/or treatment, if within the scope of this company's operations.

GARAGE:

FINDING: The garage is inaccessible for inspection due to occupant's storage Item 8A: along the perimeter walls.

> RECOMMENDATION: The owner should remove the storage and call for further inspection of the garage. For an additional charge, the garage will be inspected and a supplemental report will be issued and any findings and recommendations will be listed along with estimates for repair and/or treatment, if within the scope of this company's operations.

OTHER - EXTERIORS:

Item 11A: FINDING: Evidence of subterranean termites noted at/in soil near structure.

RECOMMENDATION: Remove accessible termite shelter tubes.

RECOMMENDATION: Locally treat the soil at soil near structure with an approved termiticide and install a subterranean termite baiting program for the control of subterranean termites. Installation of a termite baiting program will require periodic monitoring by Terminix technicians.

NOTICE TO OWNER/TENANT

State law requires that you be given the following information: CAUTION -- PESTICIDES ARE TOXIC CHEMICALS. Structural Pest Control Companies are registered and regulated by the Structural Pest Control Board, and apply pesticides which are registered and approved for use by the California Department of Food and Agriculture and the United States Environmental Protection Agency. Registration is granted when the state finds that based on existing scientific evidence there are no appreciable risks if proper use conditions are followed or that the risks are cutweighed by the benefits. The degree of risk depends upon the degree of exposure, so exposure should be minimized.

If within 24 hours following application you experience symptoms similar to common seasonal illness comparable to the flu, headache, dizziness, nausea, tearing, coughing, nose and throat irritation or develop shortness of breath, double vision, unusual drowsiness and weakness, or tremors, contact your physician or poison control center (see below) and your pest control operator immediately.

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PAGE OF STANDARD INSPECTION REPORT ON PROPERTY AT:

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BLDG. NO.	STREET	CITY
2478756V	05/24/1999	10171
STAMP NO.	DATE OF INSPECTION	CO. REPORT NO.

For further information contact the following:

	•		
	TERMINIX INTERNATIONAL	(800)	TERMINIX
•	POISON CONTROL CENTER	(0008)	523-2222
	FOREST CONTROL CENTERS.		
	Health Ouestions COUNTY HEALTH DEPARTMENT	(510)	268~2727
	TOTAL X	JC103	C70 E777
	Application Information COUNTY AGRICULTURAL COMMISSIONER .	(DTO)	070-0232
	The second secon	Innal	COT 0100
	Regulatory Information STRUCTURAL PEST CONTROL BOARD	(800)	171-8799
	1422 Howe Avenue, Suite 3, Sacramento, CA 95825		

One or more of the following chemicals may be applied to your property:

One or more of the Taxasan Constant Tetrahydrate)

BORA-CARE (Disodium Octoborate Tetrahydrate)

DRAGNET FT (Permethrin)

DRICNE INSECTICIDE DUST (Amor. silica aerogel, pyrethrins, piperonyl butoxide)

DURSHAN TC (Chlorpyrifos)

TIM-BOR (Disodium Octoborate Tetrahyrate)

FIRST Chief (Permethrin)

DRAGNET FT (Permethrin)

DRAGNET FT (Permethrin) PT270 DURSBAN (Chlorpyrifos)
PREMISE 75 INSECTICIDE (Imadacloprid)
METHYL BROWIDE (Methyl Browide) VIKANE (Sulfuryl fluoride) NOTE: Choropicrin is use as a "warning agent" on all structural fumigations.

THANK YOU FOR CALLING TERMINIX. SHOULD YOU HAVE ANY QUESTIONS REGARDING THIS REPORT, PLEASE CALL LAJUAN TARRANCE AT (510) 357-9102.

STANDARD NOTICE OF WORK COMPLETED AND NOT COMPLETED

NOTICE - All recommendations may not have been completed. - See below - Recommendations not completed. This form is prescribed by the Stuctural Pest Control Board, with whom a copy must be filed by company within 5 working days after completion of work under THIS IS A NOTICE OF COMPLETION ONLY, NOT AN INSPECTION REPORT.

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NOTE: Questions or problems concerning the above report should be directed to the manager of the company. Unresolved questions or problems with services performed may be directed to the Structural Pest Control Board at (916) 263-2533, or (800) 737-8188.

with services performed may be directed to the Structural Post on this property filed with the Board during the preceding two years upon You are entitled to obtain copies of all reports and completion notices on this property filed with the Board during the preceding two years upon You are entitled to obtain copies of all reports and completion notices on this property filed with the Board during the preceding two years upon you are entitled to obtain copies of all reports and completion notices on this property filed with the Board during the preceding two years upon your and the preceding two years upon your and years are preceding two years upon your and years are preceding two years upon you are entitled to obtain copies of all reports and completion notices on this property filed with the Board during the preceding two years upon you are entitled to obtain copies of all reports and completion notices on this property filed with the Board during the preceding two years upon your and you are entitled to obtain copies of all reports and completion notices on this property filed with the Board during the preceding two years upon your and you are entitled to obtain your and you are entitled to your and you are entitled to obtain your and you are entitled to obtain your and you are entitled to your and yo

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Bookeeper ..

Key #31117 Hov 6/97 RIP 8/97 © 1995 The Terminic International Company L.P.

PLAINTIFF'S FIRST AMENDED COMPLAINT

EXHIBIT 11

TERMINIX.

May 12, 2003

Dear Barbara Neu,

Rest assured your home is being protected against the threat of subterranean termites. You have one of the best termite baiting systems available to help prevent and control termite infestations. And if you've ever had termite problems in the past, you're well aware of the damage that can result.

Recently the Terminix Termite Baiting System was monitored at your home. We are pleased to report no termite activity, and since there has been no activity for two (2) consecutive monitoring periods, label and regulatory policy permit inspections to be done on a quarterly basis rather than monthly. As planned, we will now change your monitoring frequency to a quarterly basis.

In the future, if your Terminix service professional discovers evidence of termites during his monitoring inspection, our service professional will place termite bait in the stations and return on a monthly basis until there is no further evidence of termite activity. Once the termite activity ceases for two (2) consecutive monitoring periods your account will return to quarterly monitoring visits to help prevent new termite colonies from posing a threat to your home.

As always, if at any time you wish to have us re-inspect your home, simply call the number listed below and we'll be glad to schedule an appointment at your convenience.

As the leading provider of termite control services in the United States and the most trusted choice for 75 years, Terminix is proud to help protect your home from subterranean termites. I am confident you will enjoy the peace of mind that added protection from the Terminix Termite Baiting Program brings to your life. If you have any questions or concerns, please call our local Terminix office at (510) 357-9102.

Sincerely

Larry Haberkern Larry Haberkern Your Terminix Manager

Service Address: 16073 Gramercy Dr. San Leandro, CA 94578 TERMINIX.

The Nationwide Pest Control Experts

The Terminix International Company 14558 Wicks Boulevard San Leandro, CA 94577 510/357-9102

October 17, 2003

To: Barbara Neu From: Quwana Bashir

Re: Sentricon Baiting System

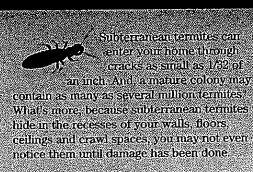
Acct No: 536681

Enclosed is a copy of the service ticket for the month of July 26, 2003. After reviewing your account, I show that that is the only service done in between April 11, 2003 and now. The reason for this is due to the fact that there has not been any termite activity in any of the bait stations within a six month period of time. Anytime the baiting system is inactive for 3-6 consecutive months, that account is automatically switched over to a quarterly cycle. That is what has happened with your account. If for any reason you feel that your account should be switched back to monthly that can be done as well. Along with the service ticket I have also enclosed a copy of your customer profile history, and the history of the monitoring & baiting activity.

If you have any further questions or concerns, please feel free to give me a call at the number listed above. I can be reached in between the hours of 7a.m. - 4 p.m. Monday-Friday.

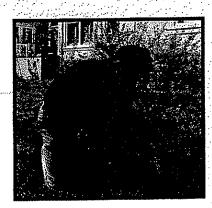
Thank you kindly,_

Quwana Bashir Service Manager



Fortunately, you have Terminix to help take control with our advanced Subterranean Termite Baiting System, the most effective termite elimination or control technique available.

"University of Toronto Urban Entomology Program.



1-800-TERMINIX.

No Bugs. No Hassles.

www.terminix.com

24 hours a day, 365 days a year



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©Terminix International, L.P., 1999



You Can Depend On Terminix

erves you opening empression concerned with a Termin's Superrate an Termine Delling Projection Plan.

The most advanced subterranean termite elimination or control method available, our unique baiting system is designed to help kill subterranean termites in their homes before they get to yours.

CONVENIENT

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BEFERNYE

The Terminix Subterranean Termite Baiting System

• the most effective subterranean termite eliminate

- the most effective subterranean termite elimination control method available
- an early warning device that constantly helps to monitor your property for new subterranean termite colonies

So, once Terminix installs the monitoring and baitin stations, you will have begun defending your home against the threat of subterranean termites for as lor as you renew your Terminix Subterranean Termite Baiting Protection Plan.

COST EFFICIENT

With a Terminix Subterranean Termite Baiting Protection Plan:

- You won't pay for another subterranean termite treatment as long as you maintain your Terminio Subterranean Termite Baiting Protection Plansaving you as much as \$1,100 per termite treatme or more.*
- Terminix will pay for any new subterranean termite-related damage that might occur in your home.
- You're supported by the Terminix satisfaction guarantee or your money back. That means, if you're ever dissatisfied with the quality of servic we provide, we'll work to resolve the issue to your satisfaction or give you a prorated refund of your last prepaid annual termite renewal fee—requestions asked.

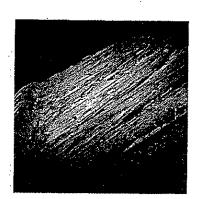
And, with the Terminix Subterranean Termite Baitin Protection Plan, you'll never pay a cent more than the cost of your annual termite renewal fee.

Based upon the average cost of conventional full-home termite treatment prices in 1998.

^{**}Termite damage repairs are based upon the repair effective date

Now We Can Destroy Termites In Their Home Before They Destroy Yours.









TERMINIX

Introducing the San The new no

Until now, termite control programs have relied strictly on barrier control-creating a "barrier" around the foundation of your house—to keep termites out of your home. Subterranean termites typically live several feet underground, and their deep, scattered nests make them impossible to find. So, no attempt is made to kill the termites, other than those that are already in your home when the barrier is established.

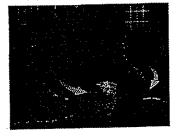
Today, Terminix can target termites where they live. We are offering the revolutionary new Sentricon System that provides a method of colony elimination—a technology that is totally new to the industry. Because of this unique capability, the Sentricon System is the most significant advance in termite control in the last 50 years.

Sentricon is non-invasive, easy to install, and effective.

A trained Terminix technician installs stations containing wood monitoring devices in the ground around your home. The low-impact Sentricon Colony Elimination System is less disruptive than conventional programs, with no drilling into floors or foundations and minimal disturbance of flower beds or planting areas. Our Terminix professional can often install the Sentricon stations without even entering your home. After the stations are installed, we'll monitor them regularly for termite activity.



Worker termites feed on the bait and return to the colony while depositing pheromones to draw nestmates to the Sentricon station causing elimination of the entire colony over time.

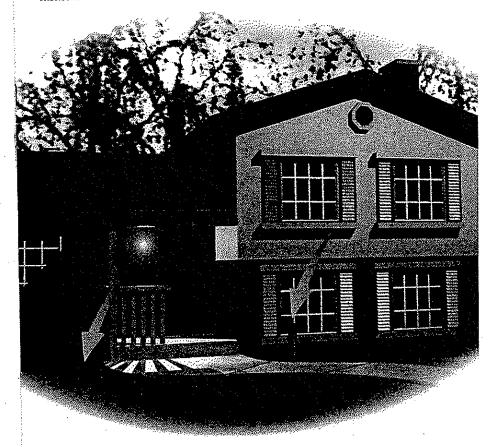


ntricon[®] Colony Elimination Syste 1-invasive and effective way to ki

Termites walk right into it.

When termites are found in the monitoring device, we'll put Recruit II* termite bait in the stations. Worker termites, the ones that feed the colony, feed on the bait, exit through slots in the Baitube* device and return to the colony while depositing pheromones to draw nestmates to the

Sentricon station. In this way the unique Sentricon Colony Elimination System controls termites using their own biology and natural behavior to eliminate the colony over time. That means Sentricon is especially good for homeowners who are concerned about the use of chemicals. It's easy on you, and easy on your home.



n from Terminix. termites.

As the bait goes to work, the termites start to die, not realizing the Recruit II bait is responsible. Eventually the entire colony dies off.

After the entire colony has been controlled the bait is removed and monitoring devices are reinstalled. We'll continue to monitor the stations for evidence of possible activity from new colonies.

Let Terminix install Sentricon... your termite security system.

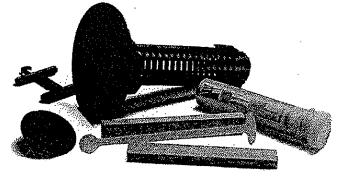
The Sentricon Colony Elimination System not only detects and controls initial infestations, it also continuously monitors your property for new colonies that might move in. That way your home can be protected for as long as you own it and maintain the annual service fee.

Fire alarms warn against fire; burglar alarms protect against theft. Now, let Terminix protect your home against termites with the new Sentricon Colony Elimination System of early warning and prevention. Give us a call at 1-800-TERMINIX



Monitoring of Sentricon Colony Elimination System





Your home probably has a fire alarm. How about a termite alarm?

- Nationwide, fire strikes just over 400,000 homes, while termites attack close to 600,000.
- Most of the time, you can't see subterranean termites. Their nests are usually several feet underground.
- Subterranean termites enter your home by building "mud tubes" up from the soil-over concrete, treated lumber, brick, stucco, even metalto reach wood above the ground.
 They target wood where it's darkhiding inside your walls, under trim,
- up in roof rafters. You may never know they're there until damage is discovered.
- Across the country, termite infestation costs nearly 1.5 billion dollars a year. Most homeowners' insurance does not cover termite damage.
 Does yours?
- Without treatment in most states, there are two types of homes: those that have termites, and those that will.

To contact your local service center, call 1-800-TERMINIX

Additional Quality Services Available For Your Home Or Business.

Subterranean Termite Control

Drywood Termite Control

Residential Pest Control

Commercial Pest Control

Sanitation Inspections

Moisture Control

Bird Control

Fumigation

Grease Trap Management





For your peace of mind, depend on Sentricon from Terminix.

Q: What is in the Recruit II* termite bail that kills termites?

A: The active ingredient in Recruit II is hexaflumuron, an insect growth regulator which stops the termites' molting process. Since termites are unable to molt and grow, they die.

Q: Why not put Recruit II termite in all the stations right away?

A: First, the termites forage into the stations containing the monitoring devices; then, we put the bait in stations where termites are found, and we leave the bait installed only as long as it is needed.

Q: How long does it take for the termite colony to die?

A: Because the bait works within the termite's regular life cycle, it works slowly but thoroughly. Termites can start to die in as quickly as a few weeks, but it may take several months to a year or more before the entire colony is dead. But, that's good – if the bait worked too quickly, the termites would associate the bait with their dead nestmates and stop feeding on it.

Q: Will the Sentricon* System work against the kind of termites I have?

A: Recruit II termite bait used in the Sentricon System has been proven effective against all economically important subterranean (not drywood) termite species in the mainland U.S. and Hawaii, including Formosan termites, regardless of soil type, climate or geographic conditions.

Q: What if my house is already infested with termites?

A: If the infestation is serious, you may opt for a spot treatment for immediate localized control. Then, to control the colony back at its nest and to prevent new invasions, we will install the Sentricon Colony Elimination System.

O: What if I have a colony right underneath my house?

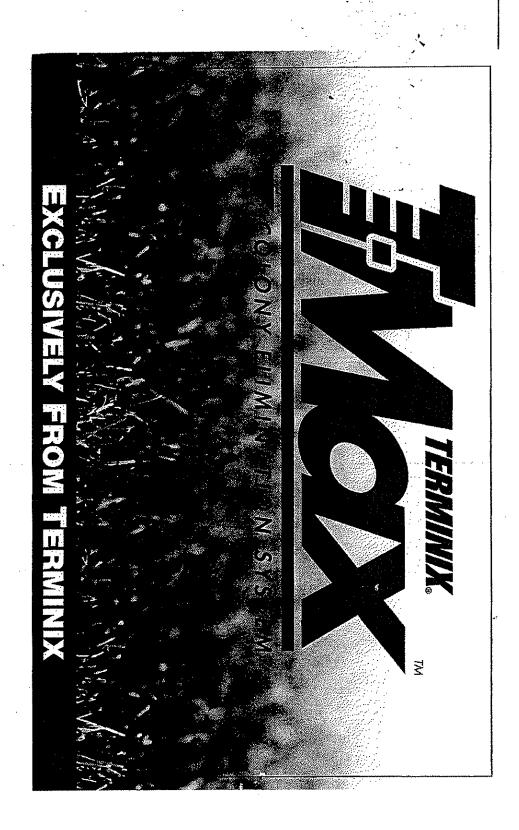
A: Termites have continuous, random foraging behavior, so even when they have found a good source for food, they constantly keep looking for more. We strategically place the Sentricon stations in areas where the termites are most likely to forage.

O: When the colony is eliminated, do you remove the stations?

A: No, because once the colony is gone, others may move in to take its place. To keep your home protected, we will continue to monitor the Sentricon Stations for signs of a new colony as long as your contract remains in effect.

Q: My house doesn't have termites, should I use Sentricon?

A: Without an effective prevention program, your house could very well contribute to termite-damaging statistics. Sentricon is designed to eliminate termite colonies before they get the chance to lunch on your home.



Sincerely,

Branch Manager

1-800-TERMINU

when you decided to safeguard your home with the Terminix Termite important technological developments in termite protection in a generation. Baiting Program™ featuring Sentricon®, you chose one of the most

termite control: our new T-MAX*** termite balt. of the Sentricon system, to bring you the very latest advancement in protection to the max. We've partnered with Dow AgroSciences, creators Today, Terminix again assumes industry leadership by taking termite

elimination may be achieved in as little as one bailing cycle. and eliminate termities. Created to work with your current Sentricon system, What's so different about 11? T-MAX bait is a more effective way to control sources. And T-MAX works faster, which means that termite colony F-Max is a unique formulation that termites actually prefer over other food T-MAX was recently registered by the EPA for use exclusively by Terminix!

your property protected with the latest termite technologies, you will be And here's the best news of all: Because you can always count on us to keep

If you have any questions about Termino: T-MAX balt, please feel free to call

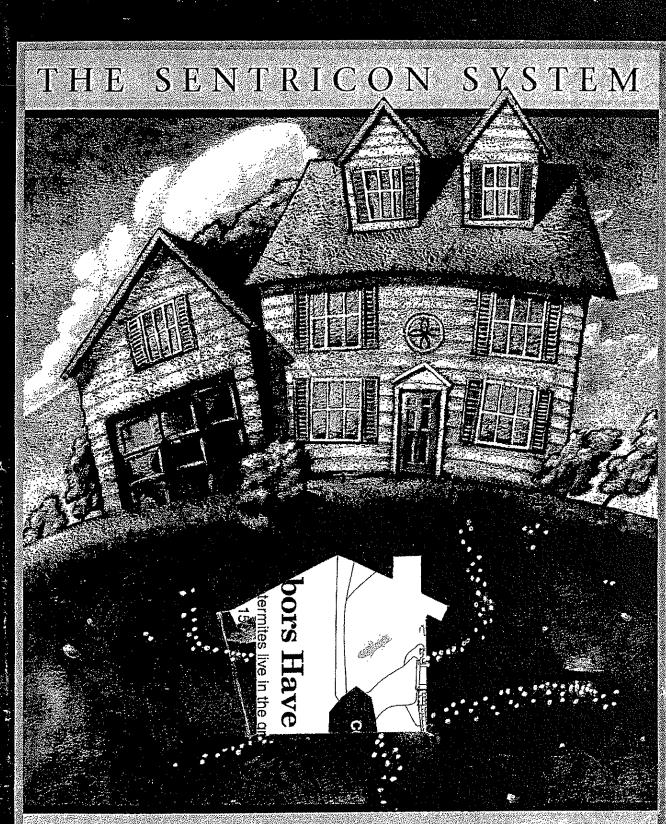
us any time; we're here with all the answers you need.

upgraded to new Terminix T-MAX balt at no additional charge.

P.O. Box 3300 Memphis, TN 38173

PRSKT STD U.S. POSTAGE PAID TERMINIA

16073 Gramercy Dr. San Leandro, CA 94578-1110



Protect your home by getting termites where *they* live.

Are termites consuming your greatest investment?

YOUR HOME IS A TARGET. North, south. New, old. Any home is a target for termites. Even houses built on slabs are threatened by termites that find

TERMITE INCIDENCE

their way through utility entry points and cracks. In fact, termites are so efficient that no attempts at termite-proof construction have

ever been completely successful.

A cold climate is no guarantee, either, even as far north as Canada. In Chicago, for example, one in 16 buildings is infested. Even those homes surrounded by a traditional termiticide barrier may be in trouble if the barrier is disrupted or breaks down.

As the map suggests, in many parts of this country there are only two kinds of homes: those that have termites, and those that will.

HOW TERMITES DO THEIR DIRTY WORK.

Subterranean termites, the most damaging kind, live in colonies in the soil. Each colony is built

around a king and queen, whose sole job is reproduction. Most of the colony is made up of worker termites that cause the damage to your home. Worker termites

forage among food sources and share their finds with others in the colony. They work 24 hours a day, destroying your home from inside the wood. Chances are, you'll see no evidence of their work until something gives way.

To make matters worse, there may be more than one colony threatening your home at a time.

LITTLE CREATURES BIG BUCKS.

Nationwide, subterranean termite damage approaches a billion dollars a year. The damage may not be as sudden or as violent as damage from fire or storms, but it's much more likely to occur - nearly one and a half million homes are damaged by termites annually. Among other problems, termite feeding causes sagging floors, loose trim and cracked plaster, and can eventually lead to major structural repairs.

You can stop the destruction — or prevent it from ever occurring — with the Sentricon* — Termite Colony Elimination System.

plons ontrol tected, you necessary continuous prote. s important to stations remain in th avior, upon with the facmonitored for ffort needed as well. Q. WHY SHOU OTHER METHO FESTED A. University methods do no to eliminate Only Sentricon at. If the in the United S

Every home is a target for subterranean termites.

The Sentricon System destroys the termite colony.

A REVOLUTIONARY WAY TO PROTECT YOUR HOME.

Termites have been going after your home for years. Now the Sentricon System lets you go after their home — the colony. Colony elimination is a completely new way to deal with termites. And only Sentricon can achieve it.

The Sentricon System is the best approach for protecting structures from subterranean termites because it eliminates the colony, while being non-disruptive to property owners. The Sentricon System is proven, long-term protection against termite damage.

HOW THE SENTRICON SYSTEM WORKS.

The Sentricon System takes advantage of natural termite behavior. Worker termites constantly forage far and wide, looking for wood to feed the colony. When they find food, like the monitoring device in a Sentricon station, they leave special scent trails to summon their nestmates to the food source.

Once your authorized pest control professional discovers termites feeding in the station, the

monitoring device is replaced with a Baitube* device containing Recruit II* termite bait. In doing so, the technician initiates the exclusive Self-Recruitment* procedure that takes advantage of the natural behavior of termites to spread the bait throughout the colony. The bait contains a substance that stops the molting process so termites can't grow. In time, all the termites in the colony will be

affected by the bait and die.

Your authorized pest control professional follows these steps

First, your home will be inspected for signs of termites

Then, Sentricon

stations will be placed in the soil

around your home













When termites are found in one or more stations, they will be transferred to a Baitube device containing Remail II termite ball, which is then placed in those stations.

The captured lermites will feed on Recruit II turnel out and send other colony destinates back to feed in the bait. As they do so, the colony starts to decline and will eventually be elimitated.

After a colony has been eliminated, the bast will be replaced with new maintains devices. Four pest coinal professional will control professional will control professional will control professional will entire to discover a new colony that might invade your property.

Peace of mind now . . . and for the future

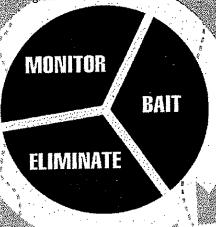
THINK OF SENTRICON AS A SECURITY SYSTEM. You buy a burglar alarm to protect your home from human invaders. With Sentricon, you can have a security system installed to protect it from termite invasion, too.

You see, Sentricon is an ongoing process. Even after the termite colony has been destroyed, Sentricon and your pest control professional will stay on duty to find and eliminate any new colony that may invade your property

AN OUNCE OF PREVENTION ...

Best of all, there's no need to wait until damage is done. The Sentricon System can be used for early detection of a termite invasion, as well as elimination of an existing colony. Sentricon acts as both an early warning device and a treatment method.

Whether you want to eliminate a colony or prevent one from being established, Sentricon is a continuous process: monitoring for termites balting to eliminate, followed by monitoring again.



TAKING IT EASY ON YOUR HOUSE AND YARD. Sentricon protects your home more gently than traditional control methods. When installing Sentricon, your technician won't need to drill through the floor or foundation, and is not likely to

disturb shrubs or other landscaping. Monitoring and baiting can be done without even entering your home.

SENTRICON, EXPOSURE AND THE ENVIRONMENT.

Recruit II termite bait with its active ingredient, hexaflumuron, was the first product approved under the EPA's new Reduced Risk Pesticide Initiative, Recruit II passed the stringent new standards partly because it is designed to be ingested and removed from the Baitube device only by worker termites and then passed along to other members of the termite colony. This limits its presence in the environment outside of the station.

Plus, hexaflurnuron impacts termites by inhibiting their rather unique molting process. For additional peace of mind, all Sentricon stations have secured, child-resistant caps.

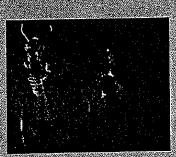
SUBTERRANEAN TERMITE TDENTIFICATION

(l-r) Subterranean tennite soldjer, worker, and swarming reproductive



TERMITE VS. ANT

Comparison between å swarming reproductive (i) and wanged and (r)



Lajuan Tarrance

TERMINIX

The Nationwide Pest Control Experts

The Terminix International Company 14558 Wicks Boulevard San Leandro, CA 94577 Office: 510/357-9102 Toll Free: 800/554-4701 Fax: 510/357-1725





Colony Elimination System

Life, Liberty and the Elimination of Termites

Termites Attacking Lady Liberty Eliminated with Sentricon

Structure: Statue of Liberty

City/State: New York, N.Y.

Termite Problem: Subterranean termites were thought to be introduced to Liberty Island during the 1986 renovation program for the Statue of Liberty. First detected in 1994, the termite infestation worsened every year. Termite swarms became an annual springtime occurrence, and were such a nuisance this year the museum inside the Statue had to be temporarily closed. Termites damaged wooden display cases in the museum, threatening the historic documents and artifacts housed inside. Though these valuable relics were not damaged, immediate action was needed.



Solution: The National Park Service chose to install the Sentricon* *Termite Colony Elimination System* at Lady Liberty, to eradicate the attacking termite colonies permanently. They selected Sentricon because it eliminated the need to drill through the floors and walls of the structure. Recruit* AG bait devices were affixed to active areas inside the Statue of Liberty to protect the contents of the damaged display cases, in conjunction with in-ground Sentricon stations.

Outlook: For the first time in three years, the Statue of Liberty did not experience a spring termite swarm. The Sentricon System eliminated multiple termite colonies in July of 1997, thirteen months after installation of the system.



Winged Insects

What is That Winged Insect Flying Around Your Home?

TERMITE OR FLYING ANT? HOW TO MAKE THE CALL

Property owners frequently become alarmed at the sight of swarms of flying insects in or around their homes. Their first thought is that these are winged or "swarmer" termites. These insects, however,

may be the winged forms of one of the common species of ants that invade houses ... such as the little black ant, the carpenter ant or the Argentine ant. These insects are troublesome and annoying in many ways, but, with the exception of the carpenter ant,

do not damage the wood in buildings. One way to tell whether the winged insects you see are termites or merely flying ants is by comparing their physical characteristics to the illustrations below.

Actual size of winged termite



WINGED TERMITES

Walst: Straight, thick and well rounded Wings: Extend far beyond the end of the body. All four wings of equal size and shape Antennae: Straight and beaded

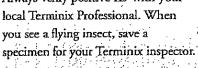
Always verify positive ID with your local Terminix Professional. When you see a flying insect, save a



Waist: Very thin and pinched in wasp like

Wings: Extend only slightly beyond the end of the body. Fore wings longer than the hind wings

Antennae: Elbowed



We're ready to respond to your call 24 hours a day, seven days a week For more information on how we can protect your home or to schedule a free inspection, call us today at

> 1-800-TERMINIX (1-800-837-6464)

www.terminix.com

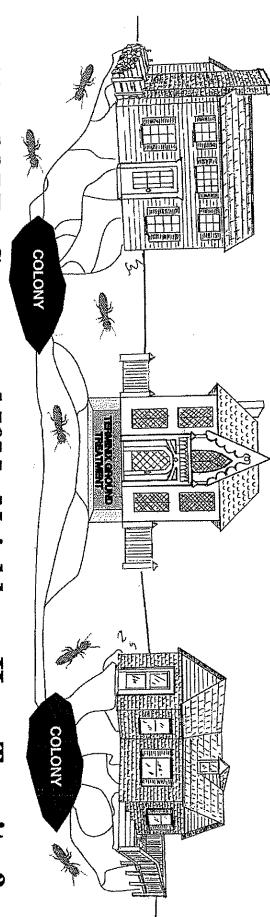


HOW TERMITES SWARM

Winged reproductive tempites, called swamers, emerge inside and then the gward the fight that comes through indows lights occurs save a few for definition that plurposes, then to be the biliers using a vacibum.



HOW SUBTERRANEAN TERMITES MOVE THROUGH YOUR NEIGHBORHOOD



Should I Be Concerned If My Neighbors Have Termites?

- Subterranean termites are a greater threat to property than tornados, lightning, fires, and hurricanes combined.

 No type of construction is safe from termites.
- of a dime to get in.
 Subterranean termites cost homeowners over \$1 billion each year in repairs and treatment.

They only need to find a crack about the width

- Subterranean termites live in the ground and can travel up to 150 feet or more to find a food source. They do not hibernate, and never sleep. They are active all year.
- The only way to protect your home is through proper professional treatment.
- Ask for details about our money back satisfaction guarantee.

CALL 1-800-TERMINIX AND PRESENT THIS FLYER

TO RECEIVE A FREE TERMITE INSPECTION (single family homes only)





What You Should Know About Your Terminix Baiting System:

what happens If I have no evidence of termite activity, in or around my home?

If no evidence of termite activity is found, your site will be monitored for activity every other month or on a quarterly basis.

what steps are taken to monitor the site?
Once termite activity is detected, and the Termite Bait is in place, your site is monitored monthly, for the next three months. If after that period of time no more evidence of termite activity is found, your site will be monitored every other month or quarterly.

How will I know when my subterranean termite problem has been eliminated or controlled?

Terminix defines colony elimination, or control, as attainment of at least two consecutive months of subterranean termite feeding on Termite Bait, followed by two consecutive months of no subterranean termite activity at any Termite Bait Station placement. This period of time must be during a time of year when subterranean termites would be expected to be active at this location.

stations during the winter?
A drop in soil temperature disrupts

A thrownson termite foreging in the ground

Comments:	west animals	Here's What We Found Today Date 6/30 Time 4:30 s.m. (p.m.) Findings: Ro New Attention	

Q. What do subterranean termites look like?

- A. Termites and ants resemble each other. The easiest way to distinguish between ants and termites is to look at the abdomen and thorax (main body parts). An ant has a narrow waist joining two sections, while a termite's body is broadly joined.
- Q. Why do subterranean termites swarm?
- A. Termites swarm in order to disperse and start new colonies. A mature colony may produce winged termites called swarmers. Swarmers emerge from the colony when weather conditions are favorable—especially on warm spring days following rain. After a short dispersal flight, they drop to the ground, shed their wings and pair off with a mate to begin a new colony in the soil.
- Q. If I see a subterranean termite swarm in my home, what do I do?
- A. Close off all entrances to the room and vacuum swarmers as they drop to the floor. Because they fly toward light sources, usually windows, be sure to mark the exact location where the termite swarm emerged and call Terminix!

Maintaining Your Termite Plan Is Easy!

- Make any necessary corrections to your billing address and select your method of payment.
- Write a check or money order, payable to Terminix International.
 Or, enter your credit card number, expiration date and signature.
- Mail the top portion of this invoice, along with your payment method, in the enclosed reply envelope.

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- Q. What's the difference between subterranean, drywood and formosan termites?
- A. Subterranean termites live in underground colonies which are highly organized societies of several hundred thousand to one million or more termites within a loose collection of underground tunnels and chambers. Workers are creamy white, wingless creatures about 1/8" long with bead-like antennae.

Drywood termites establish in dry, sound wood that may have as little as three percent moisture content. Unlike subterranean termites, they are not dependent upon a constant moisture supply. Drywood termites are mainly found in coastal areas.

Formosan termites are almost exclusively found in southern coastal areas and port cities, and are widely found in Hawaii. They are the most aggressive and potentially destructive termite species in the U.S., partially due to the size of their colonies, which can number up to several million.

Maintaining Your Subterranean Termite Baiting Plan Is Easy!

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חבדארט האפת

A Gift for You from Terminix

We value the opportunity to serve you—and we'd like to help other people in your community who may be facing similar problems with termites. So if you provide the name of a friend and we treat their home, we'll credit your account for the amount of your annual renewal fee up to \$100. As an extra bonus, we will take up to \$100 off each additional year of coverage for each additional new customer you refer. Just fill in the appropriate information below.

•	Please compl	ete, and return.		
YOUR NAME				
ADDRESS				
		STATE		
7TP	PHONE	<u>EMAIL</u>		
•		l inspection. Because I am a Terminix preferred \$50 if I purchase a Pest Control Service plan.		
Residential Service Only. Here	e are some people who ne	'\$50 if I purchase a Pest Control Service plan. eed to know more about Terminix Termile Coverage.		
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Residential Service Only. Here 1. NAME	e are some people who ne	*\$50 if I purchase a Pest Control Service plan. eed to know more about Terminix Termite Coverage. 2. NAME		
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- Disaster Restoration Services
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- Heating, Air Conditioning, and Ventilation Services
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merry maids

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Home Cleaning Services



www.furnituremedic.com

· On-Suc Furniture Restoration and Repair

RESCUE ROOTER

www.rescuerooter.com

Plembing and Drain Cleaning Services

Answers To Your Questions

Q. How do I know if I have a termite problem?

Have a Terminix service professional inspect your home for evidence of termites, like damage or shelter tubes. Be sure to indicate if you have seen swarming termites or discarded wings near doors or windows. However, the best time to treat for termiles is before you get them:

What do termite swarmers look like?

Termite swarmers and flying ants resemble each other. The easiest way to distinguish between them is to look at the abdomen and thorax (main body parts). An ant has a narrow waist joining two sections, while a termite's body is broadly joined. Termites have two pair of wings of equal size and shape, while ants have a large front pair of wings and much smaller hind wings. The antennas on a termite are "straight" while those of ants are "elbowed".

Why do termites swarm?

Termites swarm in order to disperse and start new colonies. A mature colony may produce winged termites called swarmers. Swarmers emerge from the colony when weather conditions are favorable especially on warm spring days following rain, After a short dispersal flight; they drop to the ground, shed their wings and pair off with a mate to begin a new colony in the soil.

How long does it take to control or eliminate a colony if I elect the Terminix Termite **Bailing Program?**

Once the system is installed, it can take from a few weeks to several months for termites to enter the monitoring stations, depending on several factors including time of year, geography, termite pressure and termite species. Once the termites are transferred to baiting devices and begin feeding on the termite bait, the process of decline toward colony control or elimination begins. In controlled studies, research with Recruit III bait has shown control or elimination of 50% of termite colonies within 4 months of feeding on the bait. Other colonies require up to nine months, and occasionally longer, depending on various environmental conditions. For details, ask your Terminix professional about the average length of time necessary for colony control or elimination in your area.

Q. How long does it take to control subterranean termites if I elect the Terminix Soil Treatment Program?

Terminix utilizes non-repellent soil treatment termiticides that begin controlling termites as soon as they enter a treatment zone. Research has shown that active infestations in structures are often controlled within 3 months. The non-repellent nature of these products means that termites are unable to detect their presence, and may actually spread the control effects to some of their nest

For proven, long lasting protection against termite infestation and the costly damage termites can cause, trust Terminix Termite Control. You can be confident that Terminix has helped safeguard your home against termite attack. Ask your Terminix professional if your home qualifies for the Terminix Unlimited Protection Plan.

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Answering your questions

Q. HOW DO I KNOW IF I HAVE A TERMITE PROBLEM?

A. Have an authorized pest control professional inspect your home for evidence of termites, like wood damage and mud tubes. Be sure to indicate if you see swarming termites or discarded wings near doors and windows.

Q. WHAT IS IN RECRUIT II TERMITE BAIT THAT ELIMINATES TERMITE COLONIES?

A. The active ingredient in the bait is hexaflumuron, an insect growth regulator (IGR). The IGR stops the termites' vital molting process, so they are unable to grow. As a result, they die.

Q. WHY CAN'T YOU JUST PUT RECRUIT II IN ALL THE STATIONS RIGHT AWAY?

A. Establishing feeding in the station first is critical. Baiting all the stations offers no advantage in the speed of colony elimination, and would be an inappropriate use of the termite bait.

Q. HOW LONG DOES IT TAKE TO ELIMINATE THE COLONY?

A. Once the Sentricon System is installed, it can take from a few weeks to several months for termites to enter the stations, depending on several factors including time of year, geography, termite pressure and termite species. Once the termites are transferred to Baitube devices and begin feeding on Recruit II termite bait, the process of decline toward colony elimination begins. Ask your authorized pest control professional about the average length of time necessary for colony elimination in your area. It's important to remember that termites' natural behavior, upon which the Sentricon System relies, varies with the factors mentioned above, so the time and effort needed to achieve colony elimination may vary as well.

Q. WHAT IF MY HOUSE IS ALREADY INFESTED WITH SUBTERRANEAN TERMITES?

A. The Sentricon System will be installed to eliminate the termite colony and the long-term threat. If the infestation is serious, your authorized pest control professional may also recommend a remedial treatment with a liquid product such as Dursban* TC termiticide or Equity* termiticide for immediate localized control.

Q. IS SENTRICON EFFECTIVE AGAINST THE KIND OF TERMITES I HAVE?

A. Recruit II termite bait used in the Sentricon System is effective against all economically important subterranean (not drywood) termite species in the continental U.S. and Hawaii. It does the job in varying soil, climatic and geographic conditions.

Q. WHY DON'T THE TERMITES JUST GO BETWEEN THE STATIONS TO REACH MY HOUSE?

A. Termites continuously search for new feeding sites, even though they may have already located an abundant food source. Termites also feed randomly among all available food sites within their foraging area. Therefore, if termites are foraging near your home, they will find and attack the monitoring devices in one or more of the stations, even if the colony is located beneath the home.

Q. IF MY NEIGHBORS USE THE SENTRICON SYSTEM, WON'T MY HOUSE BE PROTECTED, TOO?

A. No. Sentricon can only protect structures where it's installed. It's possible that there are many colonies foraging in your neighborhood and the one that's attacking your home may not be the one attacking your neighbor's home.

Q. WHEN THE COLONY HAS BEEN ELIMINATED, WILL THE STATIONS BE REMOVED?

A. Once a colony has been eliminated, another one could invade your property. To keep your home protected, your authorized pest control firm will offer a continuous protection plan in which the Sentricon stations remain in the ground and are professionally monitored for future termite invasions.

Q. WHY SHOULD I USE SENTRICON INSTEAD OF OTHER METHODS?

A. University research has documented that other methods do not provide termite colony elimination. Only Sentricon has proven total colony elimination in the United States and other countries (ask your authorized pest control professional for written examples). In addition, Sentricon is non-disruptive to your daily activities and provides continuous protection against future termite colony attacks.

YOU CAN TRUST THE SENTRICON SYSTEM. Because the Sentricon System actually eliminates the termite colony, you can be confident your home is protected from termite attack. If you have more questions about Sentricon, talk to your authorized pest control professional.



9330 Zionsville Road, Indianapolis, Indiana 46268-1054

www.sentricon.com

311-48-066 (1/97) BR



...Into a Priceless Relationship



Subterranean termites can enter your home through cracks as small as 1/32 of an inch. And, because subterranean termites hide in the

recesses of your walls, floors, ceilings and crawl spaces, you may not even notice them until damage has been done. What's more, your homeowners insurance probably won't cover termite damage. That's why you need the subterranean termite service that only Terminix can offer.

WE HAVE EXPERIENCE

As the first company to obtain a patent for a termiticide, Terminix continues to use state-of-the-art techniques. To help defend your home against these destructive insects, we employ the industry's largest staff of entomologists.

WE KNOW YOUR HOME'S HISTORY





To formulate a unique plan of action for defending your home, we conducted an initial inspection, taking your home's construction type and floor plan into consideration. Next, we responded with our advanced subterranean termite baiting system, the most effective subterranean termite control or elimination technique available.

Werelleoniko

with times in entouring of the best stations. As part of your Terminus Subterrainean. Termine Bairing Plan, one of our trained service professionals will monitor your baiting system periodically for signs of active subterrainean termites. The baiting system not only alerts you if subterrainean termites are foraging around your home, it also helps to eliminate or control their entire colonies, defending your home as long as the system is in place.



WE'RE YOUR SUPPORT

To prove our commitment to you, Terminix stands behind our Subterranean Termite Baiting Plan with total satisfaction guaranteed or your money back! That means, if you're ever dissatisfied with the quality of service we provide, we'll work to resolve the issue to your satisfaction or give you a prorated refund of your last prepaid annual termite renewal fee—no questions asked.

For your convenience, our customer service line is open 24 hours a day, 365 days a year. Just call 1-800-TERMINIX (837-6464) anytime to speak with a Terminix representative. Or, check out our Web site at www.terminix.com.

JOIN THE FIGHT

Here are some tips for helping defend your home against the constant threat of subterranean terruite infestiation.

- Stack firewood away from your home.
- Grade the soil around your home's foundation to carry water away.
- Keep your gutters and downspouts in good condition.
- Do not store wood items in your home's crawl space.

Although subterranean termite swarms do not cause damage, they can be unsettling. In the rare event that you see a subterranean termite swarm in your home, please remember:

- · Vacuum up the termite swarmers.
- Mark the exact location of the termite swarming activity.
- Call Terminix! We'll gladly schedule an inspection of the area and evaluate our monitoring and baiting system as needed to help attain elimination or control of the subterranean termites around your home.

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www.terminix.com

24 hours a day, 365 days a year



THE REPORT AND

OTerminix International, L.P., 1999

Terminix also offers you reliable Pest Control services. Check below if you've seen any crickets, ants, roaches, spiders or mice on your property.

_ Yes! I would like a FREE pest inspection

a	nd you i	nay si	ends to To ave up to termite re	5100 o	ř.
When you re and the \$1 Friend's Na	100 credit will	our referra be applied	must purchase a to your next year Friend's Nam	's termite ren	rmite pla ewal fee
Address			Address		****
City	State	Zip	City	State	Zip
Telephone			Telephone		

With a Terminix Subterranean Termite Plan, You won't have to worry about subterranean termites... EVER!

With a Terminix Subterranean Termite Plan, we'll help defend your home against the threat of termites. Compare us to other termite companies-Terminix Offers Total Satisfaction Guaranteed or Your Money Back! That means, if you're ever dissatisfied with the quality of service we provide, we'll work to resolve the issue to your satisfaction or give you a prorated refund of your last pre-paid annual termite renewal fee-no questions asked.

- We provide the service necessary to help defend your home against subterranean termites.
- We re-inspect your home at your convenience.
- We re-treat any areas of subterranean termite re-infestation at no extra charge to you.
- · We offer a non-cancelable policy. Even if your termite problems continue, Terminix cannot cancel your termite plan-only you can.
- We accept VISA*, MasterCard* and DISCOVER*.

Maintaining Your Termite Plan Is Easy!

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MX-C2/C4 11/00

PLAINTIFF'S FIRST AMENDED **COMPLAINT**

EXHIBIT 12



- Q. What's the difference between subterranean, drywood, and formosan termites?
- Subterranean termites live in underground colonies which are highly organized societies of several hundred thousand to one million or more termites within a loose collection of underground tunnels and chambers. Workers are creamy white, wingless creatures about 1/8" long with bead-like antennae.

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- Mail the bottom portion of this 3) invoice, along with your payment method, in the enclosed reply envelope.



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Termite and Pest Control

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- Disaster Restoration Services
- Janitorial Services



- Heating, Air Conditioning, and Ventilation Services
- Electrical Services



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Lawn, Tree, and Shrub Care



www.amerispec.com

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merry maids

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Home Cleaning Services



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On-Site Furniture Restoration and Repair

RESCUE ROOTER.

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Plumbing and Drain Cleaning Services

PLAINTIFF'S FIRST AMENDED **COMPLAINT**

EXHIBIT 13



We Pioneered Term And We've Been Per

The Bruce-Terminix Research Laboratory was founded in 1927 to explore the preservation of wood and the control of termites. One of its first projects was to establish a treatment plan to prevent termite infestations. Terminix was successful in earning the first U.S. patent ever to be awarded for a termite control chemical. That laboratory's work led to the

incorporation of Terminix International—the company that today is a world-wide leader in termite protection.

TERMIN

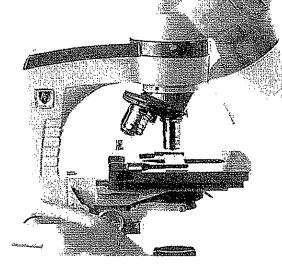
CLORES

The Scientific Leader In Termite Control

Termite control has come a long way since 1927. Today we use a state-of-the-art control program

and a rigorous training schedule to ensure every home or business is fully protected. And we back up our work with the most thorough protection plan in America.





te Control in 1927. ecting it Ever Since.



A Termite Colony And Relenti

Soldiers. Protect the colony from ents, then natural enemy, with across like head capside and powerful plachers

Termites live in highly organized and efficient societies. Unfortunately, that organization and efficiency causes damage to more

structures in America each year than fires, lightning, tornadoes and hurricanes combined.

damage.

Unlike natural disasters, however, your homeowners' insurance will not cover termite

> over 25,000 epps each year.

The only effective protection you can get is a quality treatment from Terminix. professionals.

Termites Never Sleep

Termite colonies are divided into social classes: primary reproductives (queen and king), secondary reproductives, workers and soldiers. Each class per-

forms specific duties within the colony, and their activity never ceases.

Termites are unrelenting in their search for food. If your home is unprotected, it is almost certain they will eventually get in.

Swarmers, Leave the

Swarmers, Leave the nest by the thousands in spring or fall to establish new colonies. And just because your neighbor's home is free from termites is no assurance that yours will be.

Most people believe that termites attack only structural wood members. But termites will attack anything that contains

cellulose—books, carpets, drywall, flooring, subflooring, fabrics,

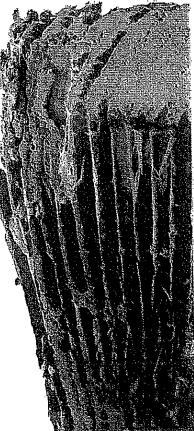


King. Remains in colony with the

Termites Are Practically Everywhere

Termites infest every state in the U.S. except Alaska; in an acre of ground, there may be as many as a dozen termite colonies. More than likely, there are termites below your home or business.



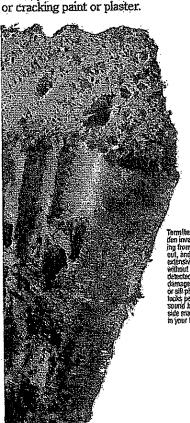


SAn Organized SSS Enemy.

Nymph

furniture, trim, window frames, and more.

Because they work silently and hidden from view, termites can cause extensive damage before they're ever discovered. Often the first signs of possible termite activity are exposed mud tunnels, or swarming termites in the spring or fall. Other signs may be sagging floors, jammed doors or windows

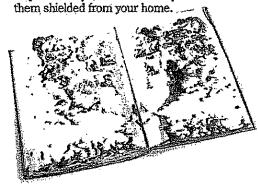


Developing Reconstrains

Termites Have Existed For Over 200 Million Years

Termites are perfectly adapted for what they do: they have not changed much in over 200 million

years. It is virtually impossible to destroy a termite colony. Their subterranean nests are impossible to locate and, therefore, cannot be eliminated by natural control measures. And their numbers are far too great to be entirely eliminated—as many as 250,000 individuals may comprise a single colony. The only solution you have is to keep them shielded from your barres.



Subterranean Termites Are A Greater Threat To Property Than Tornadoes, Lightning, Fires, And Hurricanes Combined.

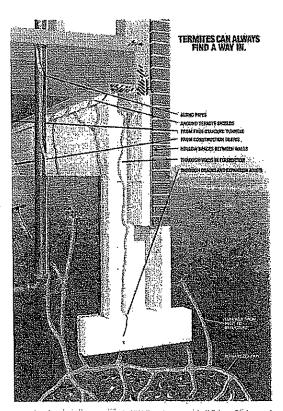




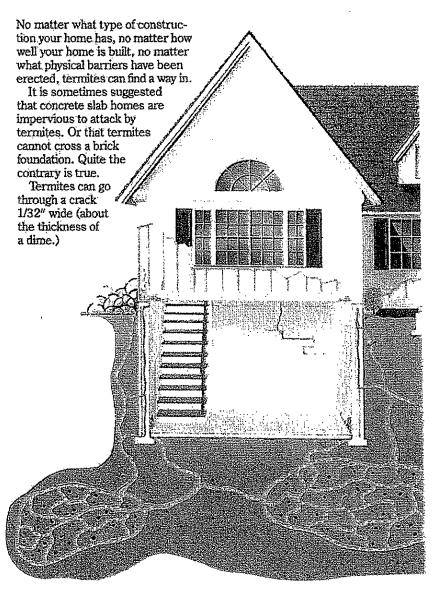




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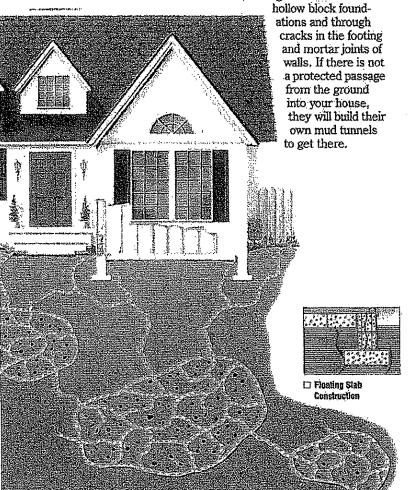


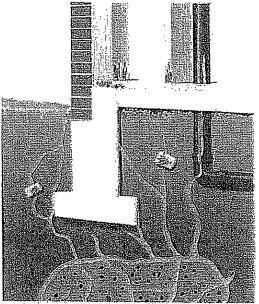
CONVENTIONAL FOUNDATION Termite's enter buildings where wood buildings where wood building their own humidity-controlled access tunnels from the ground—along foundations and plets and around any physical barrier.



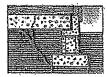
Istruction Is Termites.

They will follow a pipe right through a concrete slab. They will get through expansion joints and cracks, through the interior of

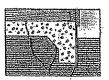




SLAB FOUNDATION Termites will penetrate the liniest crack in a solid slab foundation. To a termite, any opening—along pipes, expansion oracks or tractures in the concrete—is a wide open passageway into



D Supported Stab Construction:



C Monolithic Stab Construction

Terninx Stops

There is only one way to keep termites at bay—create an impenetrable chemical barrier at every possible entry point.

As you might imagine, that requires an individual treatment plan for every structure. Thorough knowledge of construction techniques and termite habits makes your Terminix inspector the best qualified professional to create and execute this plan.

After conducting a termite

voids.

sili or

plate.

O Tite

138

161

☐ Hardwood

Prepare floor surface for drilling.

Caroet

☐ Terrazzo

Drill and treat

termite infested

voids:

Treat

voids.

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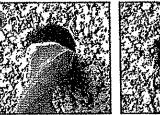
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Rod and treat

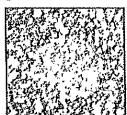
hazard survey and a thorough inspection, your inspector will complete a graph of your home, showing any visible existing termite damage and all treatment methods at the areas where they will be applied.



Terminix Technician drills toundation for chemical application where necessary.

Actual size of application holes are approximately "" to "4" in

Your customized treatment plan will include techniques to stop termites at every conceivable entry point to your home. Once completed, it will effectively isolate your home from the thousands of termites that may be lurking below it.



Holes are neatly patched

Jerninix control specifications 109-A DEPART 117 117-A Remove Scrape off. Drill and treat adjacent to termite shelter exterior slab that foundation. [] Rod boards abuts structure tunnels 120 121-A 129 Rod and treat Tunnel and treat dirt fill. Rod and treat Drill and treat dirt SH from: did filled double brick ☐ Rear ☐ Side area from foundation from: □Rear□Side above volds 132 131 133 Drill and treat Dritt and treat Drill & trest Drill and treat brick veneer stone. foundation triple brick concrete block foundation foundation voids

voids

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140

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Install Termometer

Drill and treat

termite infester

152

Break ground

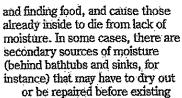
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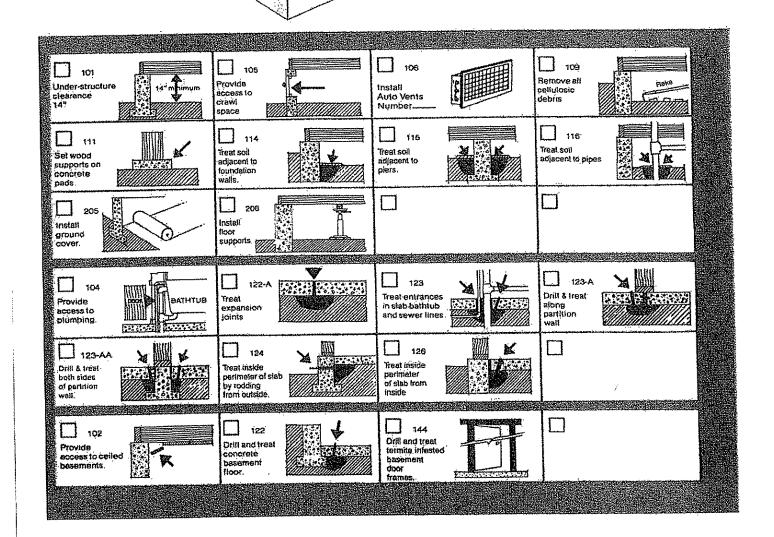
Termites Cold

We Create A Barrier Between Your Home And The Soil

To survive, subterranean termites require moisture, which they find in the ground, and cellulose, which they find in your house. By creating a chemical barrier under and around your home, we prevent new termites from entering



termites are eliminated. As long as this chemical barrier remains undisturbed and active, your home is safe from termites.



The Bes Money Can Buy.

Terminix pioneered termite control in 1927. And we're still leading the industry. Over 60 years of experience and testing, plus a high standard of commitment to serving our customers, keep us at the top.

When you choose a termite company, remember the benefits you'll receive by going with the leader.

The Experience To Do The Job Right

Terminix has inspected and treated millions of homes and businesses. We have the experience, the knowledge and the highly specialized equipment to do the job right.

Termite treatment is an exacting and specialized science. Years of practical experience, lab and field research, scientific control procedures and specialized equipment enable us to do the job effectively and efficiently.

Terminix Protection **Works Two Wavs** Terminix technicians customize their

service especially for your home using the most effective materials and procedures. Termiticides are only used in accordance with rigorous treatment specifi-

termiti-

cides go

directly



into the soil or building materials, where they bond tightly to create the shield against termite infestation.

We Do Our Homework

Every Terminix inspector and technician undergoes extensive initial training in termite habits, types of construction, treatment specifications and procedures and federal and state regulations. A Terminix professional's training does not end there however. Continuing education keeps all personnel updated and informed about the latest techniques. procedures and regulations. You can trust your local Terminix personnel to be the most informed and knowledgeable specialists in the industry. detection of termites. These are wooden stakes driven into the treated soil at strategic locations around your home. They may be removed and examined to determine if termites have breached the chemical barrier. If termites are present, we will take immediate action to reestablish the barrier.



Reinspections On Request

While you maintain your Protection or Service Plan, we will reinspect your home anytime you request it or when we believe a reinspection is necessary. Should we detect new termite

activity at any time, we will take immediate steps to control it.* See Guarantee for complete details.

Termometers M **Help Detect** Termites Early

Terminix is the only company to install TermometersTM for early

Your Terminix Plan **Cannot Be Cancelled**

As long as you own your property and maintain your contract, your Terminix Protection Plan or Terminix Service Plan will not be cancelled by Terminix for any reason. And your renewal fee is guaranteed not to increase for three years.

Our Guarantee Adds Value To Your Home

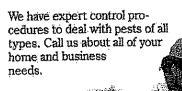
Your agreement not only protects. your home, it protects your investment-assuring you that your structure will be kept termite-free.

Customer Satisfaction Is Our First Concern.

Since 1927, Terminix has made customer service its highest customer service its highest priority. If you ever encounter a problem or question, please call us immediately. We'll do everything possible to solve it quickly and to your complete satisfaction. CALL TOLL FREE: 1-800-WE SERVE



Other Problems Are No Problem For Terminix.



Residential Pest Control.

Terminix is one of America's

We can control any insect,

spider and rodent that may

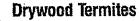
infest your home.

largest pest control companies.

Commercial Pest Control

Terminix has protected the properties of 91 of the largest 100 corporations in America.

America's top companies trust Terminix; so can you.



In some climates, drywood termites can attack your home—a completely different problem from subterranean termites. We can stop them, too.

Carpenter Ants

Like subterranean termites, carpenter ants cause structural damage to buildings. But Terminix can stop them even before they start on your home.



Moisture Control

Excessive moisture in a structure can lead to rot, mildew and other problems. We can install ventilation systems

and vapor barriers to reduce moisture problems.

Bird Control

Pigeons, starlings and other unwanted birds can be health hazards as well as nuisances. We have numerous control programs to keep them from spoiling your property.





We Guarantee It.

You can't buy better termite protection than Terminix. Our Terminix Protection Plan means that as long as you maintain your agreement, we will keep your home free of termites, or pay for any new damage they cause. Period. Guaranteed.*

And our Terminix Service Plan offers you guaranteed retreatments as necessary, without the full replacement benefit of the Terminix Protection Plan.* *See Guarantee for complete details

100% Guaranteed Full **Replacement With The** Terminix Protection Plan*

Occasionally termites do reinfest a home. If it happens while

your Terminix Protection Plan is in effect, we will repair or replace any new termite damage-no matter where, no matter what the cost—at our expénsé.

In addition, your home will be retreated at no additional cost as long as you own your property and maintain your contract.

See Guarantee for complete details.

*Guarantee may vary by state.

Guaranteed Retreatments With The Terminix Service Plan*

Some homes will not qualify for a guarantee against future damage. Wood siding or steps may touch the ground. Ceiled basements, wells, slab heating systems, or other construction may limit treatment. In these cases, a Terminix Service Plan may be issued, which guaran-

> tees retreatment at no charge for control of subterranean termites. With this plan, we will

retreat when. necessary at no charge as long as you maintain vour contract.

*See Guarantee for complete details. *Guarantee may vary by state.





A Guarantee Backed By Strength And Stability

A guarantee is only as good as the company backing it. When you choose a termite guarantee. remember that Terminix has been in business since 1927 and has an extensive national organization backing every local office.





Credit Plans Make Payment Easy

We will be glad to finance your termite treatment through our Terminix Retail Installment Plan. Competitive interest and convenient terms make repayment easy. We also accept VISA and MasterCard.*

*Credit plans may vary by state.



Now you can get all these quality services for your home or business just by calling

1-800-WE SERVE

Call anytime, day or night. We will do the job right, or we'll do it over. We guarantee it.

- ServiceMaster carpet, furniture, window and drapery cleaning
- Merry Maids residential maid service
- TrùGreen lawn care service
- ServiceMaster disaster restoration services:
- · ServiceMaster janitorial cleaning service
- American Home Shield home warranty and service plans.



PLAINTIFF'S FIRST AMENDED COMPLAINT

EXHIBIT 14

A Comparison of the Firstline® (FMC Corporation) and Sentricon® (Dow Agro Science) Termite Colony Elimination Systems Efficacy on Heterotermes aureus (Snyder) in Southern Arizona

August 23, 2005

Paul Baker¹ & Brian Weeks

ABSTRACT

Firstline® and Sentricon® Termite Colony Elimination Systems were monitored at 20 residential home sites in Tucson, Arizona for their ability to control Heterotermes aureus (Snyder) infestations. Firstline® and Sentricon® Termite Colony Elimination System were each installed at 10 homes. Five of the homes were designated either as curative (having active infestations) or preventative (having no active infestation). During the 2 year study, 3 residents terminated their involvement in the Firstline®, while all of the Sentricon® Termite Colony Elimination System homes remained in the program. Mean number of days to first hit at curative homes was 84 versus 96 for Firstline® and Sentricon® Termite Colony Elimination System, respectively. Average bait consumption for the Firstline® system was 14% for the curative homes and 10% for the preventative homes. In contrast, the average bait consumption for the Sentricon ® Termite Colony Elimination System was 51% for the curative homes and 58% for the preventative homes, which was significantly different at (P<.05).

INTRODUCTION

Baits are a relatively new alternative to the standard liquid termiticide method of barrier treatment that has been used for the last 50 years (Potter 1997). Baiting systems such as Sentricon® Termite Colony Elimination System and Firstline® were introduced in to the commercial market over the past decade and now are widely used as an alternative control method by pest control operators. Although testing on the efficacy of such systems has been reported on subterranean termites in the eastern U.S. (Su 1994; Pawson and Gold 1996), in California (Getty et.al., 1999) and Hawaii (Yates and Grace

This is a part of the University of Arizona College of Agriculture 2006 Turfgrass and Ornamental Research Report, index at: http://cals.arizona.edu/pubs/crops/az1421/

2000), there has been little reported on subterranean termites of the Southwestern U.S.; particularly the desert subterranean termite Heterotermes aureus (Snyder). With the desert subterranean termite causing the most structural damage in the Southwest (Jones 1990), consumer demand continues to request information on controlling H. aureus in ways that reduces the application of liquid termiticides. The Sentricon® Termite Colony Elimination System and Firstline® systems have the potential to provide an alternative protection to structures against H. aureus.

The Sentricon ® Termite Colony Elimination System and Firstline® system use essentially the same methodology in monitoring for termites, in that a hardened plastic unit containing wood "monitors" is placed around a structure (Fig. 1). However, the two systems differ in the type of active ingredient that is impregnated in the bait matrix. Sentricon® Termite Colony Elimination System uses a chitin synthesis inhibitor (hexaflumuron) while Firstline® uses a stomach poison (sulfuramide). Various authors including Grace et al. (2000) who showed the effectiveness of sulfuramide in the laboratory against Coptotermes formosanus, while Forschler and Chiao (1998) indicated some success with the Firstline® system against Reticulitermes spp. in a field setting have tested both systems. Su (1994) has shown success against the eastern subterranean termite Reticulitermes falvipes and Coptotermes formosanus in terms of nearly 100% reduction of field population using hexaflumuron. Potter et al. (2001) reported the elimination of termite colonies from 21 out of 23 houses infested with Reticulitermes spp. in Kentucky using Sentricon® Termite Colony Elimination System. Kistner and Sbragia (2001) found Sentricon® Termite Colony Elimination System to be fully efficacious in eliminating Reticulitermes hesperus infestations in Northern California.

The purpose of this study was to experimentally compare both systems to provide structural protection against *H. aureus*.

MATERIALS AND METHODS

Structures: Twenty residential structures were selected in the Tucson area for this study. Ten residential structures were used for both the Firstline® and the Sentricon® Termite Colony Elimination System. All homes except for one (Orth; Table 1) were pre-treated at the time of construction. None of the homes had received a liquid termiticide treatment in the past 12 months. Each structure was estimated to be 12 to 16 years old, with all of the homes presented in one of four construction types; block, frame stucco, adobe or wood frame. Square footage of each structure was determined along with an estimate of the percent vegetative cover per compass direction and percent irrigated (Table 1).

Firstline: Ten residential structures were selected in Tucson for installation. Five of the homes had previous active infestations and were designated as "curative" while the other five were designated as "preventative" or having no active infestation. Firstline® is composed of cylindrical plastic stations that contain a southern yellow pine monitoring device and uses cardboard bait containing the termiticide sulfuramide (Figure 1). These stations are placed into the ground with a 3.7 cm soil augur approximately 20 cm deep and are spaced around homes at approximately 3m intervals. Stations were installed in April 1999 and were monitored monthly until April of 2001. Whenever a monitor had greater than five termites present, it was considered "hit" and a single auxiliary station was added within 25cm of the original station. The original station was then baited with a GT plus TM bait tube. The original infested wood was then placed in the auxiliary station. Termites collected from the monitor were placed around the bait tube (the tube top is childproof and cannot be opened) in order to "self-recruit" termites from the active colony. Table 2 lists the number of original and auxiliary stations installed at each house in the study. Data was taken on each station for number of "hits" (absent versus presence of tubing, or etching of the wood), and bait consumption (visual percent of bait tube consumed).

Above ground stations containing sulfuramide were placed within the structures at any time evidence of termite activity was noticed.

Sentricon®: The same process was used in the installation of the Sentricon® Termite Colony Elimination System. Using the same criteria as previously stated, there were an additional 10 houses selected in Tucson (5 preventative/5 curative). The Sentricon® System is similar to the Firstline® in that it too is a cylindrical plastic station, but the monitoring device contains two pieces of MD-499 wood and the bait is paper

impregnated with the insect growth regulator, hexaflumuron. Stations were also placed in the ground with a soil augur and were spaced around homes at approximately 3m intervals. Stations were installed in April/May 1999, and were monitored monthly until September/October, 2001 or 30 months. For the Sentricon ® Termite Colony Elimination System, whenever a monitor had greater than five termites present it also was considered "hit", two auxiliary stations were added within 25 cm of the original station. Each auxiliary station received one piece of MD-499 wood from the original station along with one new piece of wood. The original station was then baited by placing the termites from the monitor into a Recruit II bait-tube (these tube tops can be screwed off) in order to "self recruit" termites to the tubes. Table 2 lists the number of original and auxiliary stations installed at each house. Data was taken on each station for number of "hits" (absence versus presence of tubing, or etching of the wood), and bait consumption (visual percent of bait tube consumed). .

Above ground stations containing hexaflumuron were placed within the structures any time activity was noticed.

RESULTS

The structures in the study all had common features that are presented in Table 1. Eight out of 10 of the Firstline® homes were frame stucco with the remaining two being wood frame and block homes. Square area of the homes ranges from 60-372m². No correlation could be established between percent irrigation and shrub coverage. Only one structure had no irrigation associated with it and shrub coverage was present around all the structures but one. The initial mean number of Firstline® preventative stations versus curative was 27 and 29.4 respectively. Upon completion of the study, auxiliary stations had increased by 3.6 and 6.4 respectively for preventative and curative home sites (Table 2). Six of the Sentricon® Termite Colony Elimination System homes were block homes with three being frame stucco and one being an adobe structure. Square area of the Sentricon® Termite Colony Elimination System homes ranged from 70-325m². Initial mean number of Sentricon® Termite Colony Elimination System bait stations installed

for preventative versus curative homes was 35.8 and 37.6 respectively, with that number increasing to 38.3 and 44.4 by the end of the study (Table 2). Mean number of days until the first bait placement at a home was around 90 days for both products at a curative site (Fig. 2). In contrast, the preventative home sites, took approximately 4 months (mean = 121) for Sentricon® Termite Colony Elimination System and nearly 6 months (mean = 177) for Firstline®.

Both the Firstline® and Sentricon® Termite Colony Elimination System were effective in obtaining termites in the stations. Although the smallest mean number of days until termites hit a station was almost three months (84 days), all of the curative houses had monitoring stations that were infested by termites at some point during the study and were baited. The percentage of stations baited at the homes is shown in Figure 3. For the Sentricon® Termite Colony Elimination System curative homes, 18% of the original stations were baited while 38% of the auxiliary stations were baited. For the Sentricon® preventative homes, 11% of the original stations were baited while 7% of the auxiliary stations were baited. In contrast, the Firstline® curative homes had 29% of the original stations baited and 47% of the auxiliary stations, while the preventative homes had 16% of the original stations baited and 53% of the auxiliary stations baited.

Where the systems largely differed was in the number and amount of bait tubes consumed. The Sentricon® Termite Colony Elimination System curative homes had 63% of the bait tubes with some consumption (at least 1%) which differed significantly from the Firstline® (P<.05) in which 29% of baits had some consumption (Figure 4). As for the preventative homes, the Sentricon® Termite Colony Elimination System had 81% of the baits with some consumption, which again differed significantly from Firstline® (P<.05) with 37% of the baits having some consumption. A comparison of the accumulated total amount of bait consumed showed there were significant differences (P<.05) between Firstline® and Sentricon® Termite Colony Elimination System (Figure 5). In the curative homes, Sentricon® Termite Colony Elimination System had a mean bait consumption rate of 51% (57 bait tubes) while Firstline ® had a mean bait consumption of 14% (53 bait tubes). At the preventative homes, Sentricon® Termite Colony Elimination System had a mean bait consumption of 58% (36 bait tubes) while Firstline® had a mean bait consumption of 10% (28 tubes).

DISCUSSION

The effectiveness of both the Sentricon® and Termite Colony Elimination System Firstline® systems for controlling Heterotermes aureus should be largely determined by two factors. The first involves the abilities of the stations to obtain and/or retain termites infesting the station. Both systems in the field were able to retain termites within the bait stations. Thus the station design, wood used, and placement were all adequate for retaining termites in the stations until a bait tube could be installed. Whether the stations were able to lure termites versus simply retaining them is questionable. Preliminary lab observations (Weeks, personal. observation) suggest that H. aureus has sparse food detection abilities and finds food largely by chance encounters. The fact that stations adjacent to infested stations commonly remained un-infested also suggests that retention is due to encounters that are more random rather than anything to do with station design.

The second factor essential for bait station success is bait consumption itself. The Sentricon® Termite Colony Elimination System and Firstline® systems use radically different bait matrices, which, in this study, is where the two systems diverge. The Sentricon® Termite Colony Elimination System bait had a higher overall consumption rate and was consumed more frequently than the Firstline® bait. If both baits have an equal toxicity to H. aureus, than the Sentricon® Termite Colony Elimination System bait would be more effective. Grace et al. (2000) reported a preference of Coptotermes for certain bait matrices. This could have played a factor in consumption of the bait tubes by H. aureus in that the paper type bait used in the Sentricon® Termite Colony Elimination System is preferred to the type of cardboard used in the Firstline®.

Also important to note is that two out of the ten homes for each system had termite activity in the stations at the close of the study. In the case of the FMC curative homes, three of five were dropped from the program due to customer dissatisfaction with the program. A follow-up conversation with each customer noted failure to stop termites inside as a primary reason for quitting the program. This suggests that structural protection using either system is a long-term process and not a "magic bullet" for termite control. Seasonal changes in behavior of H. aureus, differing ecological characteristics

surrounding monitoring stations, and disturbance factors probably all play a role in preventing either system from being 100% effective.

ACKNOWLEDGMENTS

An appreciation is extended to Seth Mauzy for helping with data collection. Current address of B. Weeks is Clemson, S.C.

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Table1. Structural characteristics, estimates of the percent of an irrigation system and the percent vegetative cover based on compass directions from the 20 structures present in the study.

Name	Treatment	m ² Cons	Construction	onstruction % Irrigation				% Vegetative Cover			
				N	S	Е	W	N	S	E	W
			Frame								
Bingham	Firstline	214	Stucco	10	0	50	40	5	0	30	45
Demer	Firstline	195	Frame	100	0	0	50	20	15	50	50
			Stucco								
Dhuey	Firstline	372	Frame	100	50	0	50	0	30	0	0
			Stucco								
Ewen	Firstline	214	Frame	60	75	10	0	75	20	0	0
			Stucco								
Fields	Firstline	251	Frame	10	50	10	0	10	10	20	0
			Stucco								
Maglione	Firstline	111	Frame	20	100	0	0	20	100	0	0
1			Stucco								
Maglione	Firstline	60	Frame	5	80	0	15	5	80	0	15
2			Stucco				_				
Maglione	Firstline	70	Frame	20	20	0	10	0	50	0	0
3			Stucco				_		• •	10	
Orth	Firstline	204	Wood	0	0	0	0	0	10	10	0
			Frame						^	٧.٣	0
Tennenba	Firstline	130	Block	100	0	0	0	0	0	15	0
um						_		-		10	0
Atkins	Sentricon	223	Block	5	40	5	0	5	50	10	0
Baker	Sentricon	225	Frame	10	100	0	20	0	50	0	10
			Stucco				_			10	0
Cohen	Sentricon	279	Frame	75	50	20	5	75	75	10	0
			Stucco			25	40	0	10	15	40
Dehler	Sentricon	232	Block	0	10	25	40 50	0	5	20	50
Doughty	Sentricon	111	Block	0	10	90			3 40	75	50
Einstein	Sentricon	325	Block	75	50	75	50	75	40	/3	30
			Stucco	m.e	2.5	^	0	20	20	0	0
Johnston	Sentricon	279	Block	75	25	0	0	20	20	V	U
			Stucco	" "	20	^	20	50	10	0	15
Khonke	Sentricon	157	Block	50	20	0	20	50 0	0	0	0
OSLC	Sentricon	70	Adobe	25	0	0	0	60	70	50	75
Snyder	Sentricon	278	Frame	80	80	80	80	ου	70	50	15
			Stucco						de la companyone de la co		

Table 2. Number of original, auxiliary and total stations for both preventative and curative structures surrounded with Firstline ®.

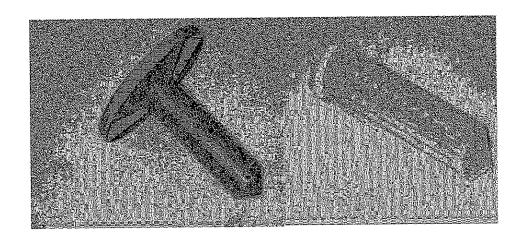
Name	Туре	Original	Auxiliary	Total
Bingham	Preventative	29	2	31
Ewen	Preventative	38	3	41
Fields	Preventative	29	1	30
Maglione 2	Preventative	20	12	32
Maglione 3	Preventative	19	0	19
MEAN		27		30.6
Demer	Curative	28	5	33
Dhuey*	Curative	43	4	47
Maglione 1	Curative	25	7	32
Orth***	Curative	28	12	40
Tennebaum**	Curative	23	4	27
MEAN		29.4		35.8

- *Dropped out 6/01 after 25 months
- ** Dropped out 12/00 after 18 months
- *** Dropped out 8/01 after 27 months

Table 3. Number of original, auxiliary and total stations for both preventative and curative structures surrounded with Sentricon ® Termite Colony Elimination System.

Name	Type	Original	Auxiliary	Total
Atkins	Preventative	30	10	40
Baker	Preventative	37	9	46
Johnston	Preventative	38	4	42
Khonke	Preventative	33	0	33
Snyder	Preventative	41	2	43
MEAN		35.8		40.8
Cohen	Curative	46	13	59
Dehler	Curative	36	8	44
Doughty	Curative	35	10	45
Einstein	Curative	55	26	81
OSLC	Curative	16	9	25
MEAN		37.6		50.8

Figure 1- Sentricon Termite Colony Elimination System® and Firstline ® bait stations



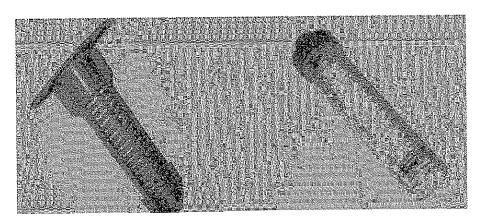


Figure 2 - Mean number of days to first baiting

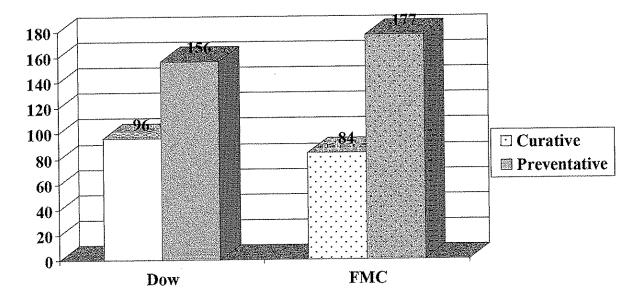


Figure 3 The percentage of stations baited

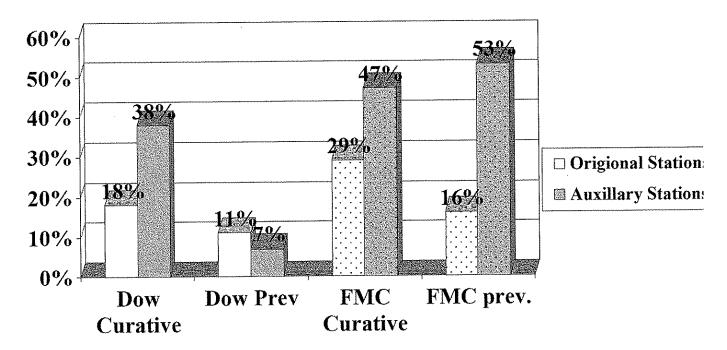


Figure 5- Accumluated Totals of the Bait Consumed

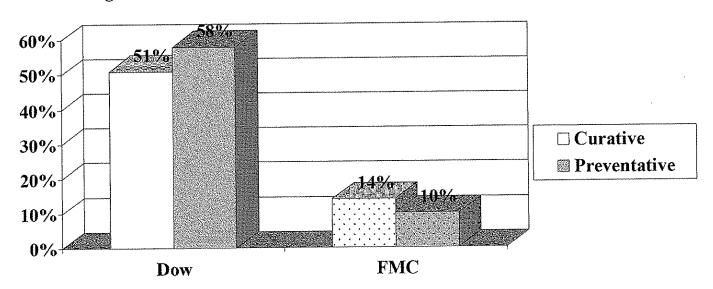
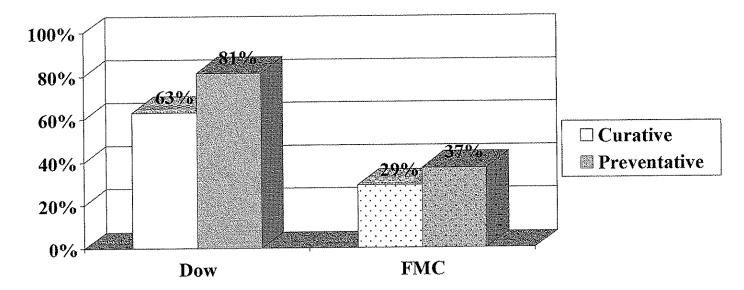


Figure 4 - Bait Consumption of at least 1%.



PLAINTIFF'S FIRST AMENDED **COMPLAINT**

EXHIBIT 15

	Page 1
1	IN THE CIRCUIT COURT OF CONWAY COUNTY, ARKANSAS
2	WILLIAM DICKENS and GAIL DICKENS PLAINTIFFS
3	Vs. CIVIL ACTION NO: CV 2004-157
4	THE TERMINIX INTERNATIONAL CO.,
	LIMITED PARTNERSHIP;
5	TERMINIX INTERNATIONAL, INC.;
	TERMINIX OF MORRILTON; TERMINIX OF
6	RUSSELLVILLE; TERMINIX OF CONWAY;
	THE TERMINIX INTERNATIONAL CO., LIMITED PARTNERSHIP; TERMINIX INTERNATIONAL, INC.; TERMINIX OF MORRILTON; TERMINIX OF RUSSELLVILLE; TERMINIX OF CONWAY; IMBODEN CARPET AND INTERIORS, DEFENDANTS
7	
8	
9	
10	
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12	
13	ORAL DEPOSITION OF
14	TERMINIX INTERNATIONAL EMPLOYEE
15	REPRESENTED BY
16	JIM MALOCH
17	Taken in Morrilton, Arkansas
18	January 9, 2008
19	
20	
21	
22	
23	
24	
25	

- 1 A. Yes.
- 2 Q. So he would have been a counterpart of yours?
- 3 A. Correct.
- 4 Q. And would he, from time to time, send out bulletins to
- 5 y'all relating to issues for termite control?
- 6 A. Yes, we received different bulletins from him.
- 7 Q. Let me show you this one that I'm going to mark as
- 8 Plaintiff's Exhibit Number 2 to your deposition.
- 9 (Deposition Exhibit 2 marked for identification.)
- 10 BY MR. CHAPMAN:
- 11 Q. Do you recognize this as being one that was issued by
- 12 Mr. Chapman in the technical services office to all
- 13 Terminix offices including the Terminix Inc. offices that
- 14 you were working for in 1989 in the technical services
- 15 department of that corporation?
- 16 A. To say that I specifically remember this exact
- 17 bulletin, I'm uncertain of that, but I'm confident that we
- 18 received this and that we received it as a franchise.
- 19 Q. It says that, this memorandum is a good time to review
- 20 the fundamentals of performing quality termite control
- 21 inspections and applications. And then the first item of
- 22 business discussed in the memo is new termiticides and
- 23 mentions the consequences for the fact that chlorinated
- 24 hydrocarbons could no longer be used.
- 25 Do you see that?

- 1 A. Yes, uh-huh.
- 2 Q. He says in there that -- that the new termiticides
- 3 that would be used after chlorinated hydrocarbons had --
- 4 the margin of error that didn't allow applying that
- 5 chemical before label directions -- below label directions,
- 6 right?
- 7 MR. CREAGH: Object to form.
- THE WITNESS: That's what it says, yes.
- 9 BY MR. CAMPBELL:
- 10 Q. It says that, in order to achieve long-term control,
- 11 that on a going-forward basis that the Terminix offices,
- 12 including, I guess, the one that you worked for, needed to
- 13 make sure that they were applied according to the mixing --
- 14 mixing and application and full gallonage as specified on
- 15 the labels, correct?
- 16 A. That's what this says, yes.
- 17 Q. Was that a change for the company?
- 18 A. It was a change in termiticide. Mr. Chapman would
- 19 have to speak for himself as to what he meant by the item
- 20 about "below label recommendations."
- 21 Q. Was it a -- a statement to the Terminix offices that
- 22 they needed to quit applying chemicals at below-label rates
- 23 because the new chemicals weren't as good?
- MR. CREAGH: Object to the form of the question.
- THE WITNESS: I do not interpret it as that.

- 1 BY MR. CAMPBELL:
- 2 Q. Well, if it was not a change in that regard, why would
- 3 they need to state it the way they did?
- 4 MR. CREAGH: Object to form.
- THE WITNESS: You'd have to ask Mr. Chapman that
- 6 question.
- 7 BY MR. CAMPBELL:
- 8 Q. Is he still alive?
- 9 A. Yes.
- 10 Q. Where does he live?
- 11 A. He's in Memphis, Tennessee.
- 12 Q. When bulletins like this came out from Terminix
- 13 International's corporate headquarters to Terminix Inc.,
- 14 what did Terminix International do to follow up to see that
- 15 licensees like Terminix Inc. were doing what they were
- 16 instructed to do in these memos?
- 17 A. Other than sending out, making these memos available
- 18 to the licensee, there was no follow-up to my knowledge.
- 19 Q. And in that same highlighted section under "New
- 20 Termiticides," the last sentence in there notes that Doug
- 21 Manpe, M-a-n-p-e, is a leading industry consultant and that
- 22 he's noted that the majority of termite treatment failures
- 23 have been traced to inadequate termiticide volume applied
- 24 during the original treatment. You see that?
- 25 A. Yes.

Page 18 Were you -- do you have any reason to dispute, from a 1 scientific standpoint based on your experience with the 2 companies that that is an inaccurate statement? 3 MR. CREAGH: Object to form. Outside the scope of the 30(b)6 notice. THE WITNESS: No, I have no --6 BY MR. CAMPBELL: 7 Does -- does Terminix International believe that to be 8 an accurate statement as to the most common cause for 9 treatment failures? 10 MR. CREAGH: Same objections. 11 THE WITNESS: I'm not aware that they think 12 that's the main reason for it. It is a reason. 13 BY MR. CAMPBELL: 14 What did Terminix International start doing 15 differently after this memo was issued in March of 1989 16 that it wasn't doing before? 17 MR. CREAGH: Object to form. 18 THE WITNESS: Began using Dursban TC and Pryfon 6 19 and other termiticides other than chlorinated --20 chlorinated hydrocarbons. 21 BY MR. CAMPBELL: 22 And how long after March of 1989 was it before the 23 company determined that Pryfon was ineffective? 24 MR. CREAGH: Object to form. 25

- THE WITNESS: Not exactly sure of that, but it
- was a matter of two or three years.
- 3 BY MR. CAMPBELL:
- 4 O. And how long was it after issuance of this memo that
- 5 the corporation determined that the durational efficacy of
- 6 Dursban TC was not as good as chlorinated hydrocarbons?
- 7 A. This memo points out that they did not feel like it
- 8 was as effective as the chlorinated hydrocarbons when this
- 9 was written to determine exactly how much had to come after
- 10 a period of time to see the results of it.
- 11 Q. Sears Termite and Pest Control was a termite company
- 12 that was developed by Terminix International, correct?
- MR. CREAGH: Object to form.
- 14 THE WITNESS: Yes.
- 15 BY MR. CAMPBELL:
- 16 Q. And -- and your introduction to the industry was
- 17 actually to start the operation of the Sears Termite and
- 18 Pest Control franchise for Little Rock?
- 19 A. Yes.
- 20 Q. And you served in the highest level management
- 21 position of that company for a period of years, correct?
- 22 A. Approximately a year, year-and-a-half.
- 23 Q. Did Sears Termite and Pest Control also use Dursban?
- 24 A. Yes.
- 25 Q. Did they have entomologists on staff at that

Page 23 Termite and Pest Control, then it was for a period of time 1 operated as a separate unaffiliated entity for a period of 2 time and then Terminix bought it back. 3 MR. CREAGH: Object to form. THE WITNESS: That's my understanding, yes. 5 BY MR. CAMPBELL: 6 So if -- if there were not changes to the policies, 7 practices, and procedures with regard to the application of post-chlorinated hydrocarbon termiticides as a result of this March 1989 memorandum from Mr. Chapman but there were 10 changes to policies, practices, and procedures prior to 11 1997, what were they changed as a result of? 12 MR. CREAGH: Object to form. 13 THE WITNESS: Terminix International's approach 14 has always been to treat according to the label. 15 I do not know what changes in procedures you're 16 referring to. We've always taken the approach that we 17 treat according to the label direction, which is the 18 law. 19 BY MR. CAMPBELL: 20 Well, the testimony of the corporation is that there 21 weren't any changes -- in Arkansas, any changes to 22 policies, practices, and procedures as a result of the 23 criminal investigation by the Federal Trade Commission, but 24 there were changes in policies, practices, and procedures 25

Page 24 with regard to providing termite services prior to that 1 period of time. What were those changes if they weren't 2 the changes that were reflected in this 1989 memorandum 3 from Mr. Chapman? MR. CREAGH: Object to the form. Mischaracterizes his prior testimony. 6 THE WITNESS: I think my statement has been that 7 we've always treated according to label directions. 8 These type memos come out on a regular basis from John 9 Chapman as training reviews for our people. And I'm 10 not aware of any huge changes in how we treated as a 11 result of that. 12 BY MR. CHAPMAN: 13 You may have already answered this. Mr. Chapman still 14 Q. working for the company? 15 Yes. 16 Α. In Memphis? 17 0. Α. Yes. 18 Is he still in technical services? 19 0. Α. Yes. 20 Starting in 1976, could you tell us whether there were 21 any compensation systems that were used by -- to assure 22 that termite chemicals were applied to customers' property 23 in accordance with the label directions? 24

MR. OWSLEY: Tom, do you mean 1996 or '76?

25

- were in use at the time?
- 2 A. Yes.
- 3 Q. Do you know a news reporter for the Arkansas
- 4 Democrat-Gazette named Nancy Cole?
- 5 A. I've met her, yes.
- 6 Q. Were you interviewed by her in December on an article
- 7 on potential changes to waiver regulations in the state of
- 8 Arkansas?
- 9 A. I was not interviewed. She was in a meeting and had a
- 10 quotation from that.
- 11 Q. Tell us about the -- the new no-treatment contracts
- 12 that Terminix has been using in Arkansas.
- 13 MR. CREAGH: Object to form.
- 14 THE WITNESS: These are contracts where we place
- a house under contract without any treatment but
- 16 provide the same guarantee that we do if it is
- 17 treated. And in order to do that, we use a waiver
- 18 form that the State of Arkansas has and it -- there's
- 19 no initial treatment.
- 20 It's an inspection and protection plan where we
- 21 agree to inspect it and, if there are active termites
- that appear, we will retreat it at no cost as long as
- the contract is maintained and will repair any damage
- that may become as a result of termites.
- 25 BY MR. CHAPMAN:

- 1 Q. Is that no-treatment contract used in any other state?
- 2 A. Yes.
- 3 Q. Which other states?
- 4 A. I think most every state except two or three or four.
- 5 I'm not exactly sure how many, but there's some pending
- 6 stuff going on on that.
- 7 Q. How long has that been used in Arkansas?
- 8 A. Approximately a year.
- 9 Q. How long has it been used in other states?
- 10 A. Approximately the same period of time. It was
- 11 introduced about 12, 14 months ago.
- 12 Q. Did you have to get regulatory exceptions in Arkansas
- 13 to use that contract?
- 14 A. We used the waiver form that's available through
- 15 Arkansas to do that, and that is attached -- signed by the
- 16 purchaser and then attached to the contract.
- 17 Q. What person at Terminix International came up with
- 18 this idea of writing no-treatment termite contracts?
- 19 A. I don't know what individual did.
- 20 Q. What office?
- 21 A. Corporate decision and --
- 22 Q. What corporate office developed that?
- 23 A. I would assume it was a corporate level with -- as far
- 24 as any final decisions made on that.
- 25 Q. Is there a corporate section at Terminix International

- that has the entomologist in it?
- 2 A. Uh-huh.
- 3 MR. CREAGH: Yes?
- 4 THE WITNESS: Yes.
- 5 BY MR. CAMPBELL:
- 6 O. Is that the technical services department?
- 7 A. Yes.
- 8 Q. That's where you've served most of your career.
- 9 A. Not directly with them, but that's what I did much of
- 10 my career, was as a technical specialist, yes.
- 11 Q. And in that position you had almost daily interaction
- 12 with the people at International when you were technical
- 13 services director at Terminix Inc., correct?
- 14 A. Not daily.
- 15 Q. At least weekly?
- 16 A. Probably not weekly. If there was a concern or
- 17 question, I would contact them for assistance.
- 18 Q. Well, was that no-treatment termite contract something
- 19 that was developed by the technical services people?
- 20 A. I'm sure they were involved with it.
- 21 Q. Is there an entomologically sound basis for not
- 22 putting a termite barrier around a property --
- 23 MR. CREAGH: Object to form.
- 24 BY MR. CAMPBELL:
- 25 Q. -- if you're going to try to prevent a termite

Page 40 infestation? 1 MR. CREAGH: Same objection. 2 THE WITNESS: That decision was made by somebody 3 other than me. And they provide the same guarantee whether it's treated or not treated. So I would 5 assume that that decision was made based on the fact 6 that this was a procedure that was more ecologically 7 friendly to -- to the environment and -- that made 8 that decision and agreed to retreat if necessary. 9 BY MR. CAMPBELL: 10 This waiver form that's been provided in Arkansas with 11 Q. these no-treatment contracts, does it advise the customer 12 that if no treatment is performed then it's, quote, just a 13 matter of time, close quote, before their home will be 14 infested and damaged by termites? 15 MR. CREAGH: Object to form. 16 THE WITNESS: The form itself does not state 17 that. It states, if they have any questions about it, 18 they can contact the State Plant Board. 19 BY MR. CAMPBELL: 20 Does anything other than that waiver form notify the 21 Arkansas consumer in writing that, if they sign the waiver 22 form and have no treatment done of their home, that it's, 23 quote, just a matter of time, close quote, before their 24 home will be infested and damaged with termites? 25

Page 41 MR. CREAGH: Object to form and foundation. 1 THE WITNESS: No, not to my knowledge. 2 BY MR. CAMPBELL: 3 In your deposition on December the 5th in this case, I 4 Ο. asked you the question, I said, "Now, your testimony is 5 that, if you have a home in Arkansas that doesn't have a 6 complete barrier, it's just a matter of time that it has a 7 termite infestation, correct?" 8 And your answer was, "If it doesn't have a complete 9 barrier." 10 Is that right? 11 MR. CREAGH: Object to form. 12 THE WITNESS: That's correct. 13 BY MR. CAMPBELL: 14 You were agreeing in that testimony with my question. 15 Q. MR. CREAGH: Object to form. 16 BY MR. CAMPBELL: 17 18 Q. Correct? I'm in agreement with that, but I said that, when that 19 does occur, that termiticide would be applied at that time 20 and that they have the same guarantee whether it's treated 21 or not treated. 22 Well, what reason does Terminix International have to

believe that Arkansas consumers would somehow inherently

know, if they weren't told by a licensed pest control

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Page 42 operator, that if they don't have a complete barrier, it's 1 just a matter of time before their home is going to be eaten up with termites? 3 MR. CREAGH: Object to form. THE WITNESS: That's a lengthy question. I don't 5 know that they have any way to know that, but they are 6 willing to accept responsibility for that particular 7 8 structure. BY MR. CAMPBELL: 9 Well, in these no-treatment contract situations, isn't 10 Terminix International essentially just providing an 11 insurance policy to repair termite damage? 12 13 MR. CREAGH: Object to form. THE WITNESS: You can use the word "insurance" if 14 you'd like, but it's a protection contract. 15 16 BY MR. CAMPBELL: I'm asking you. Is that a fair characterization? 17 MR. CREAGH: Object to form. 18 THE WITNESS: I guess in a liberal use of the 19 20 term, yes. BY MR. CAMPBELL: 21 Did you say in a literal use of the term? 22 Q. 23 Liberal. Α. Is that what it is in a literal sense of the term? 24 MR. CREAGH: Object to form. 25

- 1 Q. And understanding is based on the fact that these
- 2 termite chemicals can't be analyzed and you can't project
- 3 backwards like you can on a blood alcohol test. For DUI
- 4 you can't say if you're, you know, a .12 at 8:00 at night,
- 5 that means two hours earlier you were a .18 or whatever.
- 6 Is that right?
- 7 A. Yes.
- 8 Q. Why did Terminix International decide to change it's
- 9 policy, practices, and procedures to provide remedial
- 10 retreatments of customers' homes that didn't receive a
- 11 complete initial barrier in Memphis but they didn't do so
- 12 180 miles or so away in Morrilton?
- MR. CREAGH: Object to form. Mischaracterizes
- 14 his prior testimony.
- THE WITNESS: My understanding is that in Memphis
- they had made an acquisition of another company and
- many of the houses were in some very difficult areas
- and they determined with the number of damage claims
- that it was to their advantage to go in and retreat
- 20 those houses. And that was using a totally different
- 21 termiticide than chlordane.
- 22 A lot of those were evidently treated with Pryfon
- or some other chemicals and they were having numerous
- 24 damage claims and we've not had that in Morrilton and
- 25 so that was the reason they made that decision in

- 1 Memphis.
- 2 BY MR. CAMPBELL:
- 3 Q. Does the company track for any reason the rate at
- 4 which its termite customers allow their bonds to lapse?
- 5 A. Are you talking about cancellations of their --
- 6 Q. Well, I don't know what your terminology is, but some
- 7 people get a termite contract on their house for termite
- 8 protection and they'll decide at some point to quit paying
- 9 renewals, right?
- 10 A. Right.
- 11 Q. When that happens, what terminology do you use at
- 12 Terminix to describe that?
- 13 A. Generally called a cancellation.
- 14 Q. Has the company ever tracked the cancellation rates?
- 15 A. Yes, they track it every month.
- 16 O. Why does the company do that?
- 17 A. Well, it affects the overall P and L program for the
- 18 church -- the situation, and they want to do that because
- 19 they want people to renew their contract.
- 20 O. The cancellation rate would also affect the likelihood
- 21 that those homeowners would file a damage claim that was
- 22 related to an incomplete initial termite treatment,
- 23 correct?
- 24 MR. CREAGH: Object to the form.
- 25 THE WITNESS: Not necessarily.

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Page 171
                        CERTIFICATE
1
           IN THE CIRCUIT COURT OF CONWAY COUNTY, ARKANSAS
2
                                                        PLAINTIFFS
    WILLIAM DICKENS and GAIL DICKENS
3
                                 CIVIL ACTION NO: CV 2004-157
    Vs.
    THE TERMINIX INTERNATIONAL CO.,
4
    Re: Oral Deposition of Terminix International Employee
5
          represented by Jim Maloch
          Date: January 9, 2008
 6
7
     STATE OF ARKANSAS )
    COUNTY OF SALINE
8
          I, VALARIE D. FLORA, a Certified Court Reporter and
 9
     Notary Public in and for the aforesaid county and state, do
     hereby certify that the facts as stated by me in the
10
     caption hereof are true; that the foregoing answers in
     response to the questions asked were made before me by the
11
     witness after said witness had been by me cautioned and
     sworn to testify to the truth, the whole truth, and nothing
12
     but the truth; that the deposition was taken in accordance
     with the Rules of Civil Procedure; that the statements were
13
     recorded by me in machine shorthand; and that the questions
     and answers were thereafter reduced to typewriting by me.
14
          I FURTHER CERTIFY THAT the above and foregoing
15
     deposition as set forth in typewriting is a full, true,
     correct, and complete transcription of the proceeding had
16
     at the time of taking of the deposition; and that I am not
     of counsel for, nor related to any of the parties in this
17
     suit, nor otherwise interest therein.
18
          WITNESS MY HAND AND SEAL on this the 15th day of
     January, 2008.
19
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21
                            VALARIE D. FLORA, CCR, RPR
22
                            Certificate No. 516
                             My Commission Expires 12/28/15
23
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